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Customer Information Collection and Management in Various Sales Channels

- Case: Oy Radiolinja Ab -

Markkinoinnin
pro gradu -tutkielma
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Syksy 2003

Markkinoinnin laitoksen johtajan päätöksellä 3/12 2003 hyväksytty
arvosanalla cum laude approbatur (70), hyvä
Prof. ma Tomi Dahlberg prof. ma Jari Talvinen

Helsinki School of Economics
Master's Thesis
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ABSTRACT

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Objectives of the Study

The main objective of this study is to find out whether there are any differences between various sales channels in customer information collection and management. First, the study examines, what customer information should be collected. Second, how the different channels can be used in customer information collection and how the information can be categorized are studied. Third, the possible ways to exploit the information are examined.

Scope of the Study

The study aims at bringing together the marketing related Customer Relationship Management (CRM) theory and Information Technology (IT) related database management theory, as IT enables companies to practise current type of CRM. This study concentrates on CRM theory related to Customer Information Management (CIM) from the company point of view in business-to-consumer relationships.

Data and Methodology

Case study method was chosen for this study. Three focus group interviews were conducted in each sales channel: contact center, retail channel and the Internet as a self-service channel. Later a fourth focus group interview amongst the data analyzers to complement the information received. Each interview was recorded. After the transcripts were written short summaries were sent to all participants for verification. The analysis is based on theoretical propositions and performed first on the company level and further on the subunit level.

Findings of the Study

Findings on the study appear to support the hypotheses only partly. Even though, the company can be considered as customer oriented it did not collect the customer information as defined in the theory. However, the information needs that came up reflected well the theory requirements. Further, in contrast to expectations, Internet as a new media self-service channel has neither increased the general amount of information collected nor the amount of more valuable type of information i.e. customer response collected. The information usage reflected well the theory expectations, even though the usage in a direct customer situation was in its infancy.

Key Words

Customer relationship management, customer information management, customer databases, customer response, customer loyalty, customer retention, segmentation

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TIIVISTELMÄ

Asiakastiedon kerääminen ja hallinta eri myyntikanavissa
- Case: Oy Radiolinja Ab -

Tutkielman tavoitteet

Tutkielman päätavoitteena on vertailla asiakastiedon keräämistä ja hallintaa eri myyntikanavissa. Tavoite voidaan jakaa kolmeen alatavoitteeseen. Ensiksi pyritään selvittämään, mitä tietoa asiakkaista tulisi kerätä asiakkuuden hallinnan –teorian perusteella. Sen lisäksi tutkitaan, mitä tietoa tietokannan hallinnan kirjallisuuden perusteella tulee kerätä. Tämän perusteella pyritään määrittämään, miten eri kanavat soveltuvat asiakastiedon keräämiseen ja miten asiakastieto voidaan luokitella. Viimeiseksi perehdytään asiakastiedon hyväksikäyttömahdollisuuksiin yrityksissä.

Tutkielman aihealue

Tutkielmassa yhdistetään asiakkuuden hallinnan –teoriaa sekä tietojenkäsittelytieteen puolelta tietokantojen hallinnasta kirjoitettua teoriaa. Asiakkuuden hallinnan teoriassa keskitytään lähinnä asiakastiedon keräämiseen ja hallintaan vähittäiskaupan alalla yrityksen näkökulmasta.

Tutkimusmenetelmät

Tutkimus toteutettiin Case-tutkimuksena Oy Radiolinja Ab:ssa. Aineisto kerättiin kolmessa myyntikanavittain tehdyssä ryhmähaastattelussa. Mukana tutkimuksessa olivat puhelinmyyntikanava, perinteinen myymälä sekä itsepalvelukanava Internet. Myöhemmin toteutettiin vielä yksi ryhmähaastattelu asiakastiedon jalostajien keskuudessa tiedon varmistamiseksi. Kaikki haastattelut nauhoitettiin ja litteroitiin. Litteroiduista haastatteluista laadittiin yhteenvedot, jotka tarkistutettiin haastateltavilla. Analyysi toteutettiin vertailemalla teoriasta esiin nostettuja väittämiä ensin koko yrityksen tasolla ja sitten myyntikanavittain.

Tulokset

Tutkimustulokset tukivat tehtyjä hypoteeseja ainoastaan osittain. Vaikka yritystä voidaan pitää asiakassuuntautuneena, teorian mukaista asiakastiedon järjestelmällistä keräämistä ei ollut. Tosin esiin tulleet tarpeet vastasivat melko hyvin, sitä asiakastietoa, jota kirjallisuuden perusteella tulisi kerätä. Tutkimustulokset eivät myöskään tukeneet hypoteesia joka oletti, että uusien sähköisten itsepalveluun perustuvien myyntikanavien kuten Internetin auvlla sekä tuotetaan että kerätään entistä suurempia määriä asiakastietoa sekä arvoikkaimpana asiakastietona pidettyä asiakaspalautetta kuin perinteisemmissä myyntikanavissa. Teorian mukaisesti asiakastietoa hyväksikäytettiin toiminnan suunnittelussa sekä erityisesti asiakaskannan segmentoinnissa. Asiakastiedon hyväksikäyttö suorassa myyntitilanteessa oli vasta alkuvaiheessa.

Avainsanat

Asiakkuuden hallinta, asiakastiedon hallinta, asiakastietokannat, asiakaspalaute, asiakasuskollisuus, asiakkaan pysyvyys, segmentointi

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1. INTRODUCTION

1.1 BACKGROUND OF THE STUDY

During the 1990's customer relationship management (CRM) became the hot topic both in academic world as well as in management. However, the first one to use the term Relationship Marketing was Leonard L. Berry as early as in1983 in the article Relationship Marketing presented in the book called Emerging Perspectives on Services Marketing (Eds. Berry, Shostack and Upah, 1983). Lots of research has been published since that day. Among the most popular ones are the studies of the origin and the impacts of Relationship marketing in marketing theory in general as well as the importance of customer loyalty.

It has been argued that CRM is not a new concept, vice versa it means turning back to the era when merchants knew their customers and especially their needs by heart. This is somewhat true, even if the term was not used in those days. The customer was somehow forgotten during the era of mass marketing from 1960's to 1980's and well beyond that. Customers were not treated as individuals. Marketing was used to pull or push products into the market place. Nobody asked customer's true needs or wants. Today, due to continuous changes in the market place, like increasing and fierce competition, globalisation, increased customer knowledge among others, companies are forced to take the customer view into account or otherwise they found themselves running out of business.

Nevertheless, more attention and resources are often paid to conquer new customers. Yet, it is the existing customers that generate the revenue and the profit margin, thus they are the ones that should be kept satisfied. Even if one manages to acquire new customers in the highly competitive market place, it might take quite some time to turn those customers profitable.

It is said that marketing success in the future depends increasingly on a company's proximity to its customers and its ability to understand their changing needs (Sisodia and Wolfe, 2000). Many previously unique things: like products, services, and even processes, can today be rapidly copied by competitors. What is left - the corporate culture, organisation and its skills - the most important the existing relationship with the customer and the customer knowledge (see e.g. Rohner, 1998). A company must continuously learn from its customers (Pine et al. 1995).

Information technology plays a crucial role in relationship management. The revolutionary advances in information technology have made it possible to collect, store and use vast amounts of individual

customer data to help companies in serving the individual customer better. Today customer databases together with the software enabling the information usage play a critical part of managing customer relationships in daily sales.

Up to date, very little attention has been paid to the sales channel management regarding the collection and usage of customer data. Especially, Internet as a two-way medium enables interactive customer relationships and offers new opportunities to handle customer relationships in the future. Although, customer-level data is increasingly been gathered, few companies have experience or a strategy for using it (Clemons and Weber, 1994, Pine et al. 1995). It is not enough to just gather the data, the most important task is to interpret and take advantage of that data. The data needs to be turned into useful information to nurture the customer relationship in the best possible way through the right channel.

In addition, relatively little effort has been directed at developing frameworks and analytical tools in order to sustain profitable long-term relationships with existing customers (Payne, 1995, 29). Even large companies tend to rely on customer satisfaction surveys as their only indicator on possible changes in customer relationships. The pitfall here lies in the fact that customers defect even when their satisfaction level is average or even good (see e.g. Reichheld and Sasser, 1990, Jones and Sasser, 1995). Therefore, more measures are needed in order to be able to manage the customer relationship, especially proactively.

1.2 PURPOSE OF THE STUDY

Today, Information Technology (IT) makes it possible to collect, save and analyse large amounts of customer data. That customer data is generally stored in customer databases, which used to be seen as a background necessity for legacy systems to work, not as strategic information sources. Yet, the software used whether it is operational or analytical can only be as good as the data that is available in the database. The purpose of the study is to find out what customer information should be collected, why should it be collected and how it can be used to enhance customer loyalty.

This is done through looking at the customer information collection and management in various sales channels. The sales channels used in this study include a traditional retail chain, a more recent call center and as the latest channel an Internet technology based self-service channel. Thus, the study aims at finding out the differences among the above-mentioned sales channels.

The study tries to find an answer on, what information should be available in a customer contact situation in each customer contact channel? Another question is where the information should be available? Further, is one of the existing channels more efficient or advanced in collecting and using customer data than the other channels? An interesting question is also, how the Internet as a new medium affects the collection and use of customer data? Will other customer information collection channels loose their importance? In addition, is the available customer information shared throughout the different sales channels?

The study also presents some useful frameworks and measures in helping companies to pursue customer relationship management, and suggests how different customer relationship measures could be used in strategic business planning as well as in deciding the appropriate level of customer information needed. Each sales channel will be analysed against the level of the information usage.

The main research question is: How customer information requirements differ in various sales channels?

The research question can be divided into several sub-questions:

What is Customer Relationship Management and how do customer databases belong to it?

What customer information should be collected? How should the process be organized? How can the customer information be categorized?

How much customer information is gathered through each sales channel? Is there a significant difference between channels? How will Internet as the new media self-service channel affect the collection and use of customer information?

How can customer information be exploited? What is the difference in the information usage between channels? What current customer relationship measures exist and how they serve the information usage? How can customer information be exploited to improve customer loyalty?

1.3 SCOPE OF THE STUDY

In order to find the answers to above-mentioned questions the Customer Relationship Management (CRM) theory was studied. During the past few decades CRM has probably been one of the most popular area of interest among academics. Thus, a magnitude of research in the field can be found. This study

concentrates to the CRM theory related to Customer Information Management (CIM). In addition, the study handles only business-to-consumer relationships and from the company point of view, which has further reduced the amount of research used.

Information on CIM can also be found in the Information Technology (IT) literature related to both database management and marketing. Therefore, it was used to get a more comprehensive view on the information collection and management requirements and further be able to combine this information with the sales channel information.

1.4 DEFINITIONS

There are several definitions of *Customer Relationship Management* abbreviated *CRM*. The one used in this study is modified by Möller and Halinen (2000) from the original definition of Grönroos (1990). The definition stresses well the promises given to the customer and the importance of customer trust in strengthening the customer relationship as well as the longevity of these relationships.

CRM is to establish, maintain, enhance and commercialise long-term customer relationships so that the objectives of the parties involved are met. This is done by mutual exchange and fulfilment of promises. The resources of the seller - personnel, technology and systems – have to be used in such a manner that the customer's trust in the resources involved, and thus, in the firm it self is maintained and strengthened. (Modified from Möller and Halinen, 2000)

Christopher, Payne and Ballantyne (1991) view relationship marketing even more broadly. They defined relationship marketing as a synthesis of marketing, customer service and quality management. I quite agree to that. However, this study will limit itself on the marketing perspective, otherwise the scope would be too broad.

CRM, Relationship Marketing and Relationship management are all used as synonyms in this work. There are also other terms that in public might have the same meaning like one-to-one marketing, database marketing, eCRM etc, though they are not used in this work in this sense.

A *database* is a compilation of related data organized for ease of retrieval and use. (Godin, 1995, 50) Hence, a customer database holds related data about customers. *Database marketing* is an interactive approach to marketing, which uses individually addressable marketing media and channels (such as e-mail, Internet, telephone and sales force) to extend the customer base, to stimulate existing customer

demand and to enhance long-term relationships (modified from Shaw and Stone, 1988, 3). Therefore I see database marketing as a predecessor of CRM concentrating mainly on the actual physical marketing efforts, not that much in the strategy itself.

In general, *data* is raw material used for creating information. *Information* is somehow modified data. Yet, sometimes data can already be informative and considered as information. Therefore, data and information sometimes have an equal meaning. This is valid in this study as well.

Sales channels are defined as the way a service or a product is delivered to the customer. In this study sales channels are divided into three separate channels. The most traditional of these sales channels is perhaps retail channel i.e. personal selling through a retail shop or chain, where consumers are able to buy what they want. The more recent sales channel is based on call center technology i.e. personal selling through telephone. The latest sales channel is based on self-service through the Internet. Despite its name a sales channel is not limited to only sales, but it offers also service and delivery thus the notion of customer *contact channel* is used as synonym in this study.

All other used terms will be defined in the text as they occur.

1.5 LIMITATIONS

In this study Customer Relationship Management (CRM) is limited to concern only direct customer relationships. All other type of relationships, that are often mentioned together with CRM, like partnering and networking are left out, due to their different nature. Furthermore, the buyer-seller-relationships can be considered to be the most important ones of the companies´ external relationships. The study also concentrates on business-to-consumer-relationships; all business-to-business relationships are left out.

The aim of the study is to compare the needs, gathering and usage of customer information in different sales channels. Customer databases are seen as the central element of CRM. They enable companies to manage and develop relationships systematically. Therefore, a customer database is seen more widely as a strategic part of CRM. See picture below:

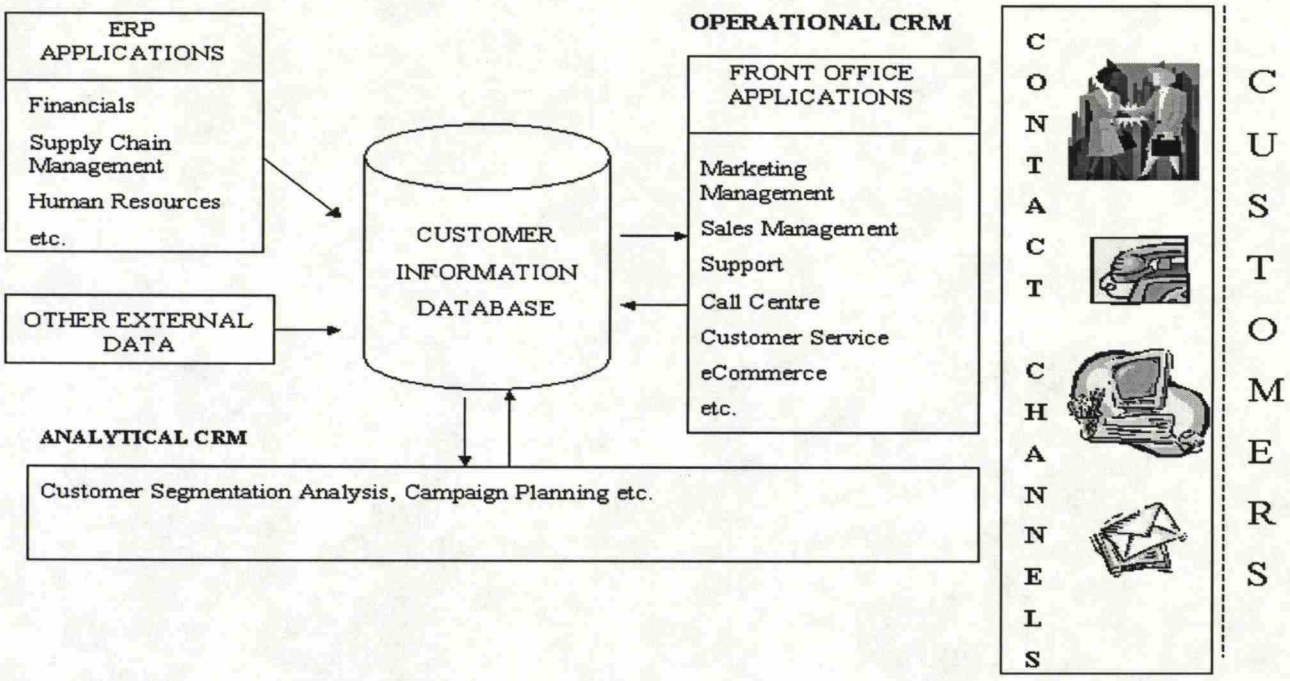


Figure 1 Central role of customer information database

In addition, profitable long-term relationships are the target of CRM. Therefore the study will be limited to existing customers. Even though, information on prospects and leads can be and should be stored into customer databases, it is not considered here. As, the amount and nature of the information of possible future customers would be much more limited compared to the information on existing customers, that it would make any comparisons impossible. In addition, all customer information that might be available through external commercial databases is left out of the study.

The natural follow up of this is that the customer information available is considered to be real. The possibilities of giving false information about oneself, especially through Internet, or the use of infomediaries are left out, as it should be irrelevant among existing customers. In addition, the limitations that legislation causes in keeping customer records are left out, as it should also be irrelevant among existing customers.

All technical solutions for organising the customer relationship management system in a company are left out, due to the vast amount of possible solutions. The study will neither present any CRM front office applications nor tools to pursue the analytical CRM. In addition, the organisation of company databases e.g. the possible use of data warehouses is left out. This study limits itself to the contents of a CRM system and its usability from the user point of view.

1.6 STRUCTURE OF THE STUDY

The theory part of the work is divided into four chapters. The first one presents the work and the study. In the second chapter the concept Customer Relationship Management (CRM) is introduced together with the drivers for the change. Why CRM is becoming more and more important and what are the benefits that can be drawn from using a customer database. I try to conclude the chapter with what customer information should be collected according to the existing theory.

The third chapter deals with the sales channels and the information collected through these channels. It presents the traits of each customer contact channel, how the information could be collected and categorized by using these channels. However, it will not touch the actual form of a customer database nor any applications. The chapter ends by presenting the differences in channel suitability to collect customer information.

The last part of the theory consists of the customer loyalty measures that could be used for defining the customer information requirements. In addition, it will present how the customer information and its measures could be used to further enhance the customer retention and loyalty. The theory part will end to a conclusion and drawing of the framework for the study.

The three last chapters deal with the case study. First, the methodology chosen and the way the work is going to be carried out are presented. Chapter six presents shortly the case study company and thereafter the empirical findings of the study. The final chapter of this work summarizes the work and concludes the findings.

2. CUSTOMER RELATIONSHIP MANAGEMENT

2.1 THE INFORMATION ERA

In today's world for most products and services markets have reached their saturation point. It is no longer easy to sell anything. Back in 1960's and 1970's the pull strategy of products and services was profitable as there were very little competition. Today, the amount of competition has surged. This is partly due to the globalisation. Huge multinational companies have their offices all over the world and they are able to deliver products and services to anywhere in the world in a cost-effective way. In addition, the methods of delivering products have developed. It is possible that a product ordered today in Finland arrives from US the very next day. The distances are no longer a limit to any trade. Markets are becoming more and more commoditized.

Globalisation is not only affecting the product delivery, what is even more important is the speed of information delivery. The same information is available all over the world in seconds. Communication through different kinds of media both mass media and other electronic devices have made customers more aware of, what is available. It has also made it easier to search and receive accurate information of products and services through media, research institutes, other people and so forth. Markets are becoming more and more informed.

In addition, customers have become more demanding. Customers don't accept defected products or poor service anymore, as they can move elsewhere for better products and services. Furthermore, customer knowledge has increased. Partly due to the above mentioned improvements in communication media, but also because people are more educated and capable of evaluating the possibilities they are offered. At the same time, individualism has risen, which has led to proliferation of services and customer needs. Markets are becoming more and more fragmented.

In fact what lies behind all these changes are the huge frog leaps taken in information technology (IT) during the past twenty years. IT has made it all possible - fast communication, delivery and especially handling of huge amounts of data to produce even more and more sophisticated data, products, services and so forth. Information technology enables the other changes to occur as well as produces opportunities for organizations to take advantage of this new information era. The transformation from industrial era to the information era is going on.

The very same reasons that are driving the marketing paradigm shift towards Customer Relationship Management are driving to the use of databases as well. IT and especially databases as tools make it possible to maintain detailed and accurate customer information. In addition, the cost of serving customers has decreased and the use of customer information for serving the customer more effectively and efficiently is crucial in today's saturated markets. Companies that are unable to offer it will find the competitors taking over their most profitable and attractive customers. (Clemons and Weber, 1994)

The picture below describes well the "merger" of IT and CRM. Information technology and customer relationship management are interrelated. For the latter to exist the previous is needed. The rest of this chapter tries to present this idea in more detail. After presenting Customer Relationship Management as a company strategy the importance of a central customer database will be linked into it.

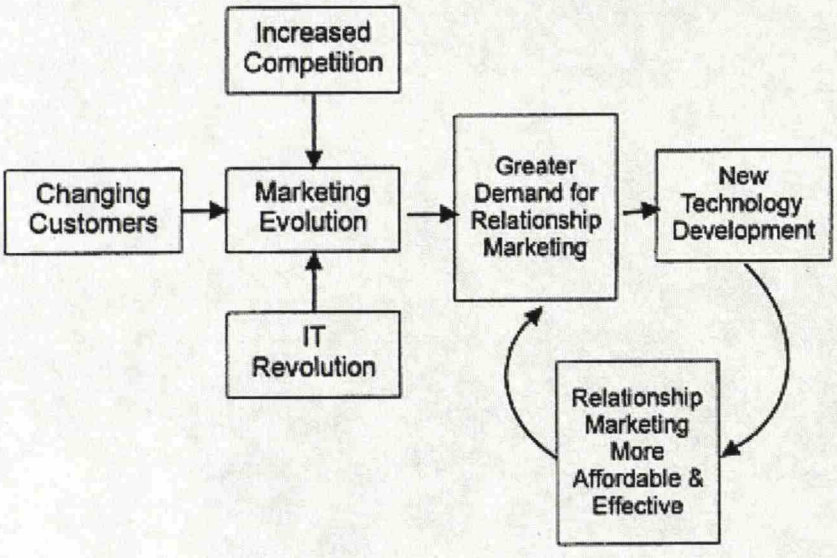


Figure 2 "Virtuous Cycle" Between IT and Relationship Marketing (modified from Sisodia and Wolfe, 2000, 528)

With the help of science and information technology companies are able to generate competitive advantage by the means of customer information. Those who possess the information and are able to communicate efficiently are the winners in the new era. Today enough technology and capital is available, companies have not just yet realised the power that lies in well-managed customer relationships. (Rohner, 1998, 23)

2.2 THEORETICAL FOUNDATIONS

Berry who was presumably the first one to use the term relationship marketing 1983 noted that marketing is not only for attracting new customers, but it should also aim at keeping and improving existing customer relationships. He defined Relationship Marketing as attracting, maintaining and - in multi-service organizations - enhancing customer relationships under following conditions: customer has an ongoing or periodic desire for the service, customer controls the selection of the supplier and customer has switching possibilities (Eds. Berry and Schostack, 1983). Even though, at that point his interest laid in services marketing, today the definition is valid throughout every industry.

Möller and Halinen (2000) have in their work gathered theories and disciplines affecting current knowledge of relationship marketing. Based on their findings, Relationship Marketing was divided into two main groups: network-based relationship marketing and market-based relationship marketing. The former has its roots in research of business networks and Industrial Marketing and Purchasing (IMP) theory and delivery channel management. The latter, has its origins in Services Marketing and Direct/Database Marketing, which are both closely related to Consumer Marketing.

Service marketing is focused in understanding the moment of truth, the actual service situation and how it can be improved to retain customers and obtain new ones. (Grönroos, 1990) Whilst service marketing is concentrating more on service encounters and personal customer relationships, CRM can be viewed as a more holistic approach concentrating in knowing the customer better and being able to serve the customer better and increase the customer loyalty and thus their life cycle value.

It could also be argued that there is only one discipline called Relationship Marketing. As both the network-based relationship marketing as well as market-based relationship marketing present just different angles of the same discipline. Whilst market-based RM is more focused in consumer marketing, network-based RM can be seen as a way of handling the relationship in business-to-business environment, especially in wholesale-retail value chain. Anyhow, the work of Möller and Halinen (2000) clearly points out that CRM can be used in different kinds of customer relationships both in business-to-business and business-to-consumer markets.

Payne (1995, 21) introduces the key elements of the Cranfield relationship marketing theory, which are based on previous work of Christopher, Payne and Ballantyne (1991). The key elements the CRM theory include:

- Emphasise relationship rather than transaction approach to marketing
- Understand the economics of customer retention, thus allocate resources properly between both customer acquisition and retention of profitable customers
- Highlight the importance of internal marketing in order to success in external marketing
- Show how relationship marketing can be applied to diverse business domains from industrial markets to consumer markets
- Recognise that quality, customer service and marketing need to be closely integrated
- Illustrate that the traditional marketing mix of four Ps is not enough alone to address all issues in building and sustaining long-term relationships
- Ensure that marketing is considered in a broad cross-functional context.

More than a way to pursue marketing in a company, CRM can be seen as a strategy a company has decided to pursue in its business. Today, this cannot be done without the help of information technology. The following chapter presents the strategy more thoroughly.

2.3 STRATEGIC IMPLICATIONS

CRM is a business strategy that aims to understand, anticipate and manage the needs of organization's customers. The goal is sustainable and profitable revenue growth. The inevitable change of paradigm has a major effect on market strategies. Cost effectiveness is not anymore alone the key to success. It is replaced by being able to deliver individual customer service. The ability to learn for both individual and for an entire organisation becomes crucial. Speed and ability to anticipate customer requirements will be essential. (Rohner 1998, 25-31)

Clemons and Weber (1994) predict that companies may need to use multiple competitive strategies in order to survive in the highly competitive future markets. It will not be enough for companies to choose either cost leadership or differentiation. A number of micro-strategies is needed - strategies based on actual cost of serving these customers or on their known preferences and requirements or both. Even the most successful companies cannot count on their existing successful strategies to work well in the future, even if it is very tempting to management to resist any changes. (Clemons and Weber, 1994)

Companies need to rethink four important aspects of the business. They are customers, product/service offerings, employees and measurement systems. Building a highly loyal customer base cannot be done as add on, it needs to be integrated to the company's basic business strategy. The company must be devoted to consistently delivering superior customer value. (Reichheld, 1993) Requirements for successful

relationship marketing include a supportive culture, internal marketing, understanding of customer expectations, sophisticated customer database and new organizational structures and reward schemes (Buttle, 1996, 11-13).

According to Brown (2000, 23-24) market intelligent enterprise:

- Understands and pursues the strategic use of customer and prospect information, which is made available across the organization
- Implies a transactional focus, which means that every contact is viewed as an investment in improving customer relationships
- Uses the operational customer information i.e. information of each contact is recorded and stored for consequent usage
- Understands and pursues strategic channel management, where customer or segment preferred channels are properly applied for usage
- Understands the new technology-enabled business opportunities by systematizing customer data capture across all customer touch points.
- Possess an enterprise-wide approach by sharing common processes across the organization and customer touch points.

There are two aspects that can be highlighted in the list and further tested in the empirical part of the study. First, Brown (2000, 23-24) clearly stresses the importance of customer information system integration to ensure that the same customer information and customer intelligence is available in all customer touch points in all channels. Successful CRM clearly involves the integration of multiple channels. Second and equally important to the availability of same customer information in each channel, is the structured collection of customer information from each of these channels. Each contact should be viewed as an opportunity to build up customer knowledge and thus recorded for future use. This implies that there should be a structured process for the information gathering.

In conclusion, applying CRM demands a lot from a company. It means a turnaround in the company mission as customer is put into centre of the business strategy. It demands significant changes in business practices and these changes need to be supported by the company customer information system, where the customer information database plays an important role. In spite of the challenging organisational changes needed as well as the investments to information technology not to mention the project(s) needed, there should be gains in all this. The next few paragraphs will introduce the benefits, why it should be beneficial for both the company applying CRM as well as to the individual customer. These findings are collected from previous research in the field and the existing CRM literature.

2.3.1 Benefits to the Company

Reichheld (1993) who has studied customer loyalty stated that it has three second-order effects. First loyal customers make repeat purchases and therefore increase the amount of revenue generated. Second, costs decline as a result of lower acquisition expenses and from the efficiencies of serving experienced customers. Third, employee retention increases because of job pride and satisfaction increases due to more satisfied customers. This in turn affects again favourably the costs as the need for recruiting diminishes and productivity rises. Reichheld emphasizes especially the importance of a satisfied employee in creating a satisfied and loyal customer. Finally the company's profits rise. (Reichheld 1993) This is a self-reinforcing cycle that can be presented with a simple figure.

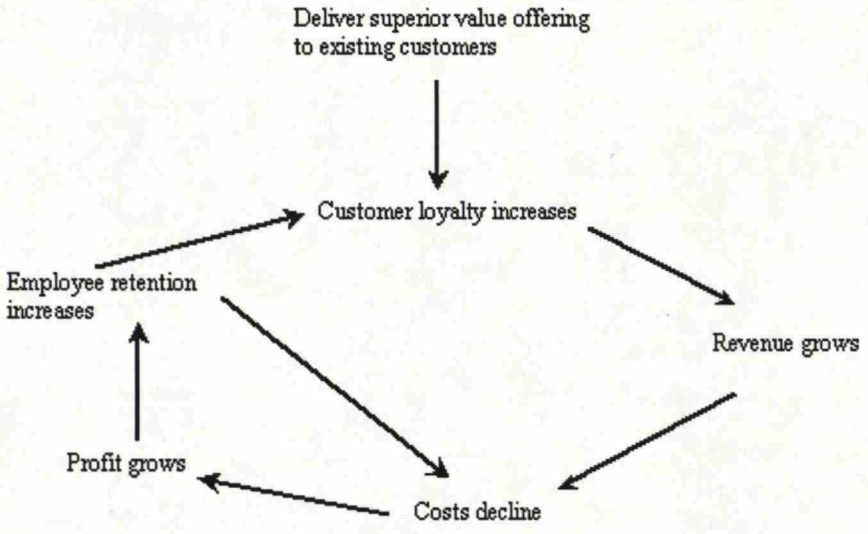


Figure 3 Positive Loyalty Cycle (Based on Reichheld, 1993)

Heskett et al. (1994) have the same idea of customer long-term relationships affecting positively employee satisfaction. This in turn leads to increased employee retention. All this should also increase the company image. The service-profit chain found below by Heskett et.al (1994) presents well again the self-reinforcing system of the benefits and explains why companies strive to improve the customer loyalty.

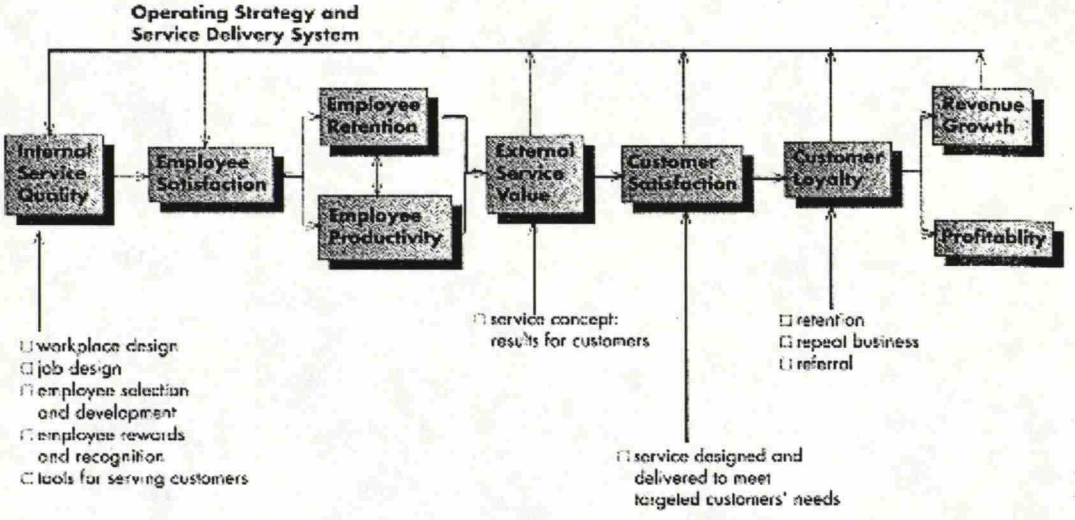


Figure 4 Service-Profit Chain (Heskett et. al., 1994)

Improved customer relationships increase customer retention and loyalty, which increases the amount the customers buy i.e. lifetime value of each customer. Customer profitability increases as well, as they buy more, but also due to lower costs in marketing to existing customers. In addition, there is less need for acquiring new customers, which gives the company a more stable business volume (Curry and Curry, 2000). If it can predict that customers stay loyal, future revenue could be forecasted more easily and investments e.g. into R&D planned more accurately. Furthermore, companies with loyal customers can charge premium for their products and services (Reichheld and Sasser, 1990). In addition, loyal customers serve as free advertisers to the company.

Curry and Curry (2000) presented the high level benefits for organizations. :

1. More revenue and profits
2. Increased customer satisfaction
3. More employee motivation
4. Marketing and sales accountability

Payne (1995, 43) introduces a number of factors that explain in more detail, why long-term relationships are profitable to companies. Some of them were already mentioned above.

1. Acquiring a new customer costs more than retaining an existing one, as the marketing costs tend to be much higher when relationship is being built. Later they fall significantly.
2. The account maintenance costs tend to decline as well during an established relationship.
3. Long-term customers tend to be much less price sensitive allowing higher fees to be charged.
4. Long-term satisfied customers serve as free advertisers to the company by word-of-mouth and by offering referrals.
5. Long-term customers are likely to purchase additional products and services.
6. A long-term relationship can create a barrier of entry for competitors into certain markets.
7. Long-term customers tend to place frequent and regular orders.
8. Increased customer retention may lead to increased employee retention, which in turn leads to even more satisfied and long-term customer relationships.

The benefits of Brown are more clearly directed to benefits available in promotional activities than those of Curry and Curry above. (Brown, 2000, p.8-9)

- Reduces advertising costs
- Makes it easier to target specific customers
- Easier to track effectiveness of a given campaign
- Compete on the service level
- Allocation of marketing efforts
- Speed
- Improves the use of customer channel

CRM is the process of acquiring, retaining and growing profitable customers. It requires a clear focus on the service attributes that represent value to the customer and that create loyalty. Therefore, it is not only enough to examine the company point of view. The customer point of view forms the basis to the whole concept. Therefore, the benefits should be mutual and create a win-win situation.

2.3.2 Benefits to the Customer

For some reason customer benefits are not that well explored as those of the suppliers'. This might stem from the fact that these customer benefits are often soft in nature i.e. psychological and at the same time individual and can be quite difficult to measure. However, these benefits will give us indication of what information about customers should be collected into the DB in order to serve them better.

Peterson (1995) was among the first to speak about individual customers request of value-added. This value-added can be in form of gifts, discounts, special treatment and advantages e.g. club membership. Value-added is something that enhances the value customer receives from that particular transaction or interaction in that relationship. Value-added as an individual measure is quite a vague concept. What is valuable to one customer is not necessary valuable to another. Therefore, before offering any value-added to customers, companies need to be familiar with the customers' heterogeneous needs and wants.

A more profound study on individual benefits divided customer benefits into three categories: process-related benefits, economic benefits and social benefits (Christy et al. 1996). Customers having long-term relationships with suppliers are willing to limit their choices (Seth and Parvatiyar 1995) i.e. their evoked set might be limited to two or three best alternatives. Previous research generally agrees that there hardly ever is only one option (see e.g. Hennig-Thurau and Hansen, 2000).

There are several reasons why consumers are prepared to act this way. First of all they hope that their decision making process becomes more efficient. The easiness of buying from someone familiar that is trustworthy both saves time elapsed in the actual transaction and the time needed to search the necessary information. In addition, having a reliable supplier reduces the risk in transactions. Customers know what they are going to receive. There are no unpleasant surprises. Quality and service is known beforehand. Therefore, it can be said that long-term relationships reduce uncertainty and speedup up the buying process. (Hennig-Thurau and Hansen, 2000)

Above mentioned benefits belong to process-related benefits. Another benefit belonging to same category is possible supplier switching costs. Yet, it cannot always be categorised as a benefit customers receive. It can also serve more like a hindrance for customers not to change the supplier (see e.g. Christy et al. 1996). The different ways to execute customer bonding are introduced in more detail in chapter four.

In addition, to these process-related benefits there are purely economic benefits as well as social benefits to gain (Christy et al. 1996). The term economic benefit clearly indicates that the benefit gives monetary value to the customer, most often in form of special discounts. Offers of this type should be allocated to existing loyal customers, as their relative share of marketing costs are much less than those of newly recruited customers. Unfortunately it is often vice versa, special discounts are offered to new customers not the loyal ones.

Social benefits which are probably the most difficult to offer, but most effective when properly allocated, have limited itself mainly to attempts on bonding the customer by different kinds of loyalty, member or user groups. Unfortunately, these member groups have become so frequent that they have often lost the benefit part and their original idea of differentiation. However, user groups differ somewhat of other type of loyalty clubs, as customers can freely exchange their ideas about products or services offered. They can also serve as valuable sources for product and service enhancements for the company. Furthermore, social benefits are also closely related to brand or company image management. Customers can enhance their appreciation in different social groups etc. by using a brand that represents certain values or certain values seem to be attached to that brand.

An interesting idea is presented by Hennig-Thurau and Hansen (2000, 375), who make a distinction between social benefits and identity related benefits. They consider a social benefit meaning the same as having a positive relationship with the company employee. Thus, the most powerful way of using social benefits would be creating a friendship between the customer and supplier individuals. On the contrary, their identity related benefits include those generally adhered to the social benefits.

Cross and Smith in an article called "Interactive Marketing Technologies Weigh in for Customers" (1995 in Interactive Marketing: The Future Present, Eds. Forrest and Mizerski) have summarized the benefits for both the supplier company and the customer, noting that the balance between them is becoming equal. The seller is not anymore dictating the interactions. There is always a counterpart for benefits in both sides. The following chart will clarify the matter:

Company	Customer
Improved Product Quality	Mass Customisation
Targeted Messages	Fewer Extraneous Messages
Loyalty	Rewards and Recognition
Production Efficiency	Lower Prices
Inventory Efficiency	Guaranteed Availability
Distribution Efficiency	Wider Availability
Zero Defects	Product Satisfaction
Information Dissemination	Informed Decisions
Electronic Customer Communities	Access to Peers, Multilogue
Customer Dialogue	Seller Responsiveness
Reduced Marketing Cycle	Speedy Response, Time Savings
Competitive Advantage	New Value-Added Choices
New Selling Channels	New Supply Channels
Advertising Messages on Request	Advertising Messages on Demand

Table 1 Consumer Benefits from CRM (Cross and Smith, 1995, 26)

If a company wants to gain the benefits mentioned, it needs to offer such customer services that enable the customer benefits to be realized as well. This implies the need to enable a dialogue with the customer and the need to collect customer information to be able to offer individual customer service and information as well as be able to modify and develop the products/services accordingly. Moreover, the speed in product/service delivery, customer's ability to choose the contact channel and the contact time are increasingly important.

2.4 CUSTOMER DATABASE IN THE HEART OF CRM

It was already mentioned earlier that sophisticated customer care is not possible without the contribution of modern information technology. However, customer relationship management is often seen as a set of applications for front office or even more narrowly automating the marketing function. After companies now have finished implementing the Enterprise Resource Planning (ERP) projects from production and accounting to human resources, often isolated projects to enhance customer relationship have been started in different functions of the company. Cost savings have been the aim of implementing the ERP applications. The same cost savings now drive the start up of CRM projects as well.

There is nothing bad in implementing front office systems for sales, call centres, services etc. These are mainly well-grounded efforts. However, what is often lacking is the integration and availability of the information among these systems. The information gathered through these systems should be stored in one customer database and not to the old separate customer files, which are not enough to serve the new information storing and processing requirements - and even more important the information sharing requirements. An organization cannot be truly customer oriented without an adequate information system.

Chojnacki (2000, 56-57) stresses the importance of a holistic approach. According to him all information needs to be stored into the central database, otherwise it would be impossible to make proper use of the information. It would also lead to different departments contacting customers simultaneously. The holistic approach will not only improve customer satisfaction, but will also decrease costs (Chojnacki, 2000, 56-57).

Yet, very often the CRM system is just used to automate single functions in order to obtain cost savings. That is only very limited part of Customer Relationship Management. This narrow point of view prohibits the company to build entry barriers or use the information to gain competitive advantage. These investments should be seen as strategic imperatives with customer focus that concern the whole

company. And a well-managed customer database is its heart. Without a central place to store and retrieve customer information, only a minor fraction of the potential front office systems might offer are used not to mention the possibilities in using more analytical CRM. Front office applications can serve as means to convey the information flow to both directions and present the information generated by more refined analysis.

The below picture tries to present the central role a customer information database has in collecting customer information.

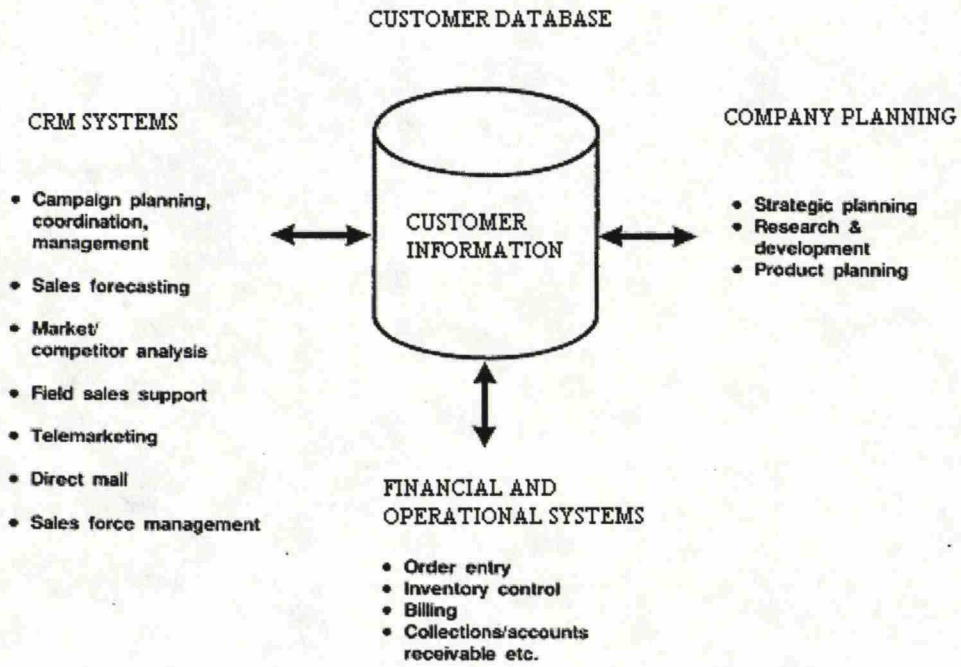


Figure 5 Customer database as a focal point to collect customer information (Modified from Shaw and Stone, 1988, 5)

McKenna crystallizes that databases house easily accessible information about customers, and markets are already changing the identification of smaller market segmentation. When this information is seen as a marketing tool and a way of gathering customer feedback and not just a way to identify customers and sell products, good marketing will begin. (McKenna, 1991, 122) This means that customer information should be exploited more in marketing to existing customers and not just to seek new potential customers. In addition, even though, sales is the ultimate goal in every business, it is important to remember to listen to the customer and gather the cumulative customer knowledge to further improve customer loyalty.

Despite the fact that the data or information is usually dispersed in different systems it can be traced and a system built to support the single customer view. The decision of what to collect, by whom and where

the customer information should be stored needs to be made and the systems built or modified accordingly. True sustainable competitive advantage can be gained through this "extra" customer information (see e.g. Pine et al. 1995).

This is supported by Rohner (1998, 33), who says that dialogue and information will be the new order. The ability to have a database of end users' names, addresses, and information, is the great turnaround in marketing. It means you have to start thinking differently if you want to keep up with a competitor who is already thinking that way. We are looking at the birth of a new marketing, and individualized marketing. (Rohner 1998, 33)

Database marketing was considered, when it first emerged an enabler of efficient mass marketing. Today, it presents almost the opposite. It enables companies to handle large amounts of customer data and based on that data perform individual one-to-one marketing or mass customisation. Thus, it can be seen as part of CRM. A relevant customer database is a prerequisite for proper CRM.

In addition, the characteristics of database marketing according to Shaw and Stone (1988, 4-6) can also be viewed as information collection requirements for a customer database.

1. Each customer can be identified as a record in the database.
2. Each customer record contains also other information than just the basic identification and contact information i.e. information on customer needs and wants, purchase history etc.
3. The information is made available to everybody in the company during each process of communication with the customer.
4. Customer responses are recorded into the database.
5. The information is also available to marketing management.
6. Communication with the customer is coordinated and consistent throughout the company.
7. External market research will become redundant as through proper collection and use of customer information, the company can receive the same information.
8. Enable automation of marketing management. Management decisions are based on more reliable and relevant information, which can be accessed with proper tools.

The above requirements clearly indicate that more non-transactional customer information should be collected. Peppers et al. (1999, 25) advice to gather "customer identifying information", which enables differentiation and individual/segment based marketing strategies to be evolved. Moreover, the customer information collected should be available to everybody in contact with the customer. Further, a CRM

system must systematically capture all interactions between the company and its customers. That way even more valuable information gets collected into the database.

2.4.1 Benefits from using a customer database

There are strengths that are particular for customer database and that makes it use preferable compared to any other system. It is **measurable**, which makes it ideal for follow up by management. In addition, it is **testable**; many marketing actions can be tested before the actual launch. It is **selective** which means that different groups can be easily targeted. Communication can be **personalized**; therefore it can be used for one-to-one marketing or mass customisation whatever the company chooses. It is also **flexible** in the sense that it has no time constraint. (Shaw and Stone 1988, 8)

Vavra (1992, 36) mentions several benefits of using a customer database. According to him marketing efforts become both more efficient and more effective because of the individual nature. Computer technology aids in gathering and using all detailed customer information. A true dialogue can be maintained with consumers by tracking interactions over time, identifying changes in purchasing, thus allowing the marketer to anticipate future changes. In addition, new product development is facilitated as customer requirements and proposals for enhancements are more easily collected. Further, customer database frees sales representatives and possibly other personnel from the task of generating market data, when the marketing data is automatically fed into the system and can be derived from there when needed. (Vavra 1992, 36)

Thus, a company can use its customer knowledge to develop even more knowledge. The accumulated customer information can serve as a barrier to entry for other companies. External market research will become redundant through proper collection and use of customer information. The company can receive the same information directly from customers. It also enables automation of marketing management. Management decisions will be based on more reliable and relevant information. (Shaw and Stone 1988, 4-6)

Cost savings and increased revenue are generally the targets of database marketing. For this to happen the database should be used to reinforce customer loyalty. The possible savings include field sales force and sales offices, where cost can be cut by reducing the number of each due to more efficient selling and/or more revenue generated through proper allocation of time to existing customers. Market research costs can be diminished, as valuable information can be created in-house and less external research is needed. Whilst more customer information is available, it can be used to create more revenue among existing customers e.g. by cross-selling. For the same reason business and marketing planning become

more accurate and result in more revenue with less costs. The number of retail outlets can possibly be cut or moved to more profitable areas. Marketing communications are targeted better and more effective. By improved channel management product marketing is also much more effective at a lower cost. Inventories will be at a lower level, thus increasing revenue flow. (Shaw and Stone 1988, 31-33)

The proper use of customer database increases the amount of true customer bonding in two ways. First, customer appreciation will increase by the recognition of his/her existence, as customer needs and wants are encouraged and recorded. Second, relevance is the concrete outcome of taking customer needs and wants into account in new product or service design. Customer feels that he or she is taking care of. (Vavra 1992, 38)

It is important to note here that these same benefits are valid for CRM as a whole. Only the emphasis at least in the CRM literature might be more holistic concentrates more on increasing the revenue rather than aiming at cost savings. Therefore cost savings should not be considered as the only or the main driver for a company wide CRM initiative. It should be the possible competitive advantages and loyal customers in the future.

This view is supported by many academics. Godin (1995, 20) stresses that database marketing focuses on gaining customer share – that is using customer information to sell more to that customer rather than selling to more customers. Rohner (1998, 62) points out exactly the same idea: using databases in fostering customer relationships is intended to increase the share of customer rather than the market share. Often 90 percent of sales originate from 10 percent of customers. These definitions are in fact equal to that of customer relationship management. Therefore, it can be said that they both share the same goal.

According to Shaw and Stone (1988, 18) customer database is a unique strategic weapon for achieving competitive advantage. It can be used to transform the way the company does business (Shaw and Stone 1998, 18). Identify your customers, understand their needs, meet these needs, and treat your customers well after the sale, and you have a head start on your competitors. (Shaw and Stone 1988, 7) This is all that customer relationship management is about. It seems to be very simple and almost everybody agree on this, yet it is so hard to accomplish. Those views and benefits that can be derived for applying CRM are almost identical to the views and benefits for DBM. Hence, for a beneficial CRM a proper database is needed. CRM could be said to consist of the DBM plus all other customer interactions with the company.

2.5 SUMMARY OF THE INFORMATION NEEDS ACCORDING TO CRM LITERATURE

As we could read in the former chapter many academics both in CRM literature as well as Database Marketing literature share the same views about CRM and what the CRM as a strategy means to the company. From those views I have tried to gather, what customer information should be collected into central customer database and, how the collection and delivery should be organized. Finally, the usage possibilities of customer information are touched. This information is further exploited in the empirical part of the study.

Customer information collection:

1. Customer relationship information in addition to transaction related information should be collected (Wells et al. 1999, Payne 1995).
2. Customer needs and wants that should be recorded (Vavra 1992, Rohner 1998, Peterson 1995). Customer suggestions, complaints and preferences should be collected (Wells et al. 1999, McKenna 1991). Shaw and Stone (1988) speak about customer response in the same sense.
3. Each customer contact should be recorded. Thus, cumulative information should be gathered, which means that the information gathering should be an ongoing process (Brown 2000, Vavra 1992).
4. Customer information that enables individualized marketing/segmentation should be collected (Shaw and Stone 1988, Peppers et al. 1999).

Customer information organization:

5. Each customer needs to form a single record in the customer database (Shaw and Stone 1988, Vavra 1992).
6. Information collection should be structured and systematized in all customer contact points (Shaw and Stone 1988, Vavra 1992, Brown 2000).
7. Formal collection procedures should exist (Vavra 1992, Brown 2000).
8. Customer information should be available for everybody in direct customer contact in each channel (Shaw and Stone 1988, Payne 1995, Brown 2000).
9. The same single view of customer information should be available in each channel (Pine et al. 1995, Wells et al. 1999).
10. Information system should enable dialogue with the customer (Cross and Smith 1995, Rohner 1998).
11. Customers should be able to choose the contact channel and contact time (Cross and Smith 1995, Brown 2000, Rohner 1998).

12. Customer information should be easily available for management as well (Shaw and Stone 1988).

The above requirements highlight the importance of organizing the collection and information delivery. According to the literature the collection should be structured and formal collection procedures applied across all channels. In addition the information collected should be available to all employees that are in direct customer contact and further there should be a single view across all channels meaning that there is the same unique customer identifier no matter which application is used. However, nothing could be found on the possible differences in information needs between different channels. The next chapter introduces the customer contact channels and how these channels can be used in customer information collection. Further, the chapter adds to CRM theory from previous chapter, what are the general principles for information collection and, how the information can be categorized.

After the information collection the information needs to be used as well. The CRM strategy is based on long-term relationships with the customers. Thus, the information collected should be used to *reinforce customer loyalty*. The ultimate goal is to *sell more to the existing loyal customers.* This view is supported by many academics. But, there are also several other usage possibilities, few of them mentioned below, that serve as means to increase customer loyalty and sales. (See e.g. Brown 2000, Rohner 1998, Godin 1995, Payne 1995, Vavra 1992, McKenna 1991, Shaw and Stone 1988, Berry 1983)

Customer information usage:

1. Segment the customer base
2. Identify customer needs and anticipate future changes
3. Find ideas for new product and service design
4. Customize marketing efforts
5. Improve customer service and care
6. Improve channel management
7. Replace market research

This topic will be more highlighted in the last chapter that presents the different customer loyalty measures. In addition, ways that the information can be used to improve customer loyalty are presented.

3. CUSTOMER INFORMATION

Previous chapter presented the CRM strategy and how databases are crucial for that strategy to work. The chapter ended with a summary that tried to gather what customer information should be gathered according to the theory and how the collection and availability of such information should be organized in a company. Further, the possible ways to use the information were named. This chapter tries to present the information collection and organization in more detail by adding the channels into the theory.

According to (1998, 3) the limited importance of communication and information within the economic process is being transformed into dominance. He stresses the crucial role of information in future markets. Especially, gathering and using customer information is increasingly important, as it will be the only effective way to achieve competitive advantage, as almost all other things, including technology can be copied by competitors.

Different channels are needed to enable the communication and information sharing between the company and its customer. Therefore it is important to get familiar with the traits that each of the channels posses and how they could be best exploited. In the next section the different channels together with their capabilities in handling information are presented.

3.1 CUSTOMER CONTACT CHANNELS

Customer contact channels are here divided into two major groups: new electronic channels and more traditional channels. The line between these two groups is very fine e.g. telecommunications could belong to both of these groups. In this study, telephone has been put into the more traditional channels group, despite the recent development in technology used in call centres like CTI, (computer and telephone integration, for handling e.g. the incoming phone calls), as it is still considered traditional media and has existed over a hundred years already. Yet, more developed mobile phones have been put into the new media mobile devices group. The latest devices offer other features than just the traditional telephone conversation option e.g. phones with multimedia messaging (MMS) technology that enables pictures to be sent or phones with GPRS technology that enable several wireless data services like wireless e-mail to be used. Perhaps, there should have been a third separate hybrid channel. However, it was not relevant to this study, as the study concentrates on the traditional use of the phone and the emerging new wireless applications are not studied.

This division into two major groups enables later in the empirical part the comparison between the relatively new Internet channel and the more traditional longer existing channels i.e. telephone and face-to-face contact channel. First, each channel is presented by their nature i.e. their traits, usage and risk related to their usage.

3.1.1 New Electronic Channels

The revolution the electronic media offers is its power in providing the dialogue that was handled in the beginning of this chapter. Electronic media is interactive. Anderson (1995) has listed five dimensions of interactivity compared to the traditional contact channels. (Modified from Anderson 1995, 153)

1. It enables multiple information flows between the sender and the receiver. In fact, both parties act as the sender and the receiver.
2. Messages are available on-demand, which means that a message can be sent or received when wanted and needed.
3. It provides real-time feedback by using the same media in responding.
4. Interaction between the sender and receiver can be defined as intelligent and responsive compared to the traditional being exposed to a one-way message.
5. It enables users to customize the information content

However, it could be argued that the more traditional media enables dialogue and is interactive as well. The most important differentiating factors between "the new and the old media" are the speed and the ability to choose the time, when the message will actually be received. In addition, the amount of information that can be processed during one single contact is much higher than before.

One major differentiator between the new electronic media and the more traditional media is that the new electronic channels offer two-way information gathering. It is revolutionary, as the information can be gathered at the same time either explicitly like it is normally collected in other media as well and/or implicitly, which means that the customer movements and functions are observed without him/her noticing it in any way (Datamonitor 2001).

Despite the attractive traits the new electronic channels offers, it poses requirements to both the IT systems as well as the employee knowledge that should cover not only the new systems but also more in-depth information of the subject in concern.

According to McKenna (1995) real-time electronic marketing requires:

- Giving the customer access to the company systems and observe their actions and feedback.
- Focusing on real-time customer satisfaction providing prompt support, help, guidance and information necessary to win customer's loyalty.
- Being willing to learn how the information technology is changing both customer behaviour and marketing.

If companies treat new media such as the Internet and even established media like the toll free customer service numbers only as one-way channels for broad-casting messages, distributing products, and processing transactions, it will inhibit them to gain the real benefits of the technology. The power of the new media lies in their ability to draw the individual customer into conversation with the company. (McKenna, 1995)

3.1.1.1 Internet

The far most established of the new electronic customer contact channels is Internet. Information based, customer-driven, fast, interactive, highly personalised, very low communication and transaction costs, no distances, no opening hours – these are only few positive attributes that have been attached to the Internet. Internet enables to do business with anyone, at any time, nowhere (Rohner, 1998, 24). Internet can definitely be seen as one of the most important new channels for communication.

The characteristics of the Internet resemble that of a telephone added with the ability to handle vast amounts of information at one point in time. In addition this can be done cost efficiently. Therefore it is well suited for information delivery to customers, who have at the same time become more eager to receive product information, order status information and their personal account information. Internet can be used to deliver this information to the customer (Sterne 1996, 17-18).

Despite the capabilities in information delivery, what is so revolutionary in the Internet is that it makes a dialogue with the customer possible. Communication means a two-way interaction. The only two other channels enabling same kind of communication are a face-to-face situation and the previously mentioned telephone call. As customers are also getting more and more demanding, the collection of their specific product or service needs could be organised easily e.g. through Internet. This would reduce the amount of face-to-face meetings and especially telephone conversations needed. In addition, the information collection can be automated without any employee interaction in the middle. In addition, the collection of valuable customer response could be easier through the Internet than by other media, as the Internet

offers a place where the customer freely express their views without anybody putting any pressure on them. Moreover, it could be easier to write about delicate matters, than to speak about it directly to somebody face-to-face or even over the phone. Thus, the Internet should be suitable than more traditional media for collecting customer psychographic and sociodemographic information as well as customer response.

Another unique feature related to the Internet is that it offers two different ways to gather information either explicit or implicit. Explicit information gathering involves getting responses directly from customer. This feature was highlighted in the CRM literature to be extra beneficial to gain competitive edge. The implicit information gathering uses different techniques to observe or monitor the customer behaviour and movements whilst the customer is browsing the company website. (Datamonitor, 2001) This information could add the amount of customer response, as it can reveal the customer interest areas. Therefore, it could be presumed that more information is collected through the Internet than the more traditional channels. And together with e-mail more valuable information is obtained.

Sterne (1996,187) speaks also about customer access, which means that customers can access product information, problem resolution, people and finally access to whole process through web. All this is part of customer integration (Sterne, 1996, 207). By engaging customers into dialogue companies can obtain more about customers than they might with other research methods like focus groups or surveys. Dialogue begins with access. E.g. Federal Express provides its customer with software that enables them to track their parcel delivery. National Semiconductor lets its customers to access the inventory of their warehouse in Alaska, where they can order the parts needed. Then the delivery can be monitored through Federal Express system and even billing is done automatically. (McKenna, 1995)

Internet is different than any other communication media and needs to be treated differently. Unfortunately, it is often used only as media to communicate something to customers through a static web site. It serves only as an advertisement in an electronic form. Furthermore, capabilities such as e-mail and video conferencing are being used as cost saving devices rather than serving to create competitive advantage (Petersen, 1998, 18)

One risk in a cost saving strategy is that it only cannibalises the old contact channel. If a brochure is only translated into web, it might have a cost savings effect, as the need for printing and posting brochures diminishes. However, it does not necessarily improve customer service, nor help in customer retention, nor does it give competitive advantage of any kind. Even the opposite could happen, when the customer

is unable or unwilling to read the brochure on the company web site. Thus, new imaginative ways of improving customer service should be developed.

One good example of integrating imagination, databases and technology are Finnish banks. They have transferred their previous time consuming work, which required loads of human resources to be performed by customers themselves on the Internet. Customers are able to check balance, pay invoices, and invest in shares etc. through the web, around the clock, when they feel like it. For banks the cost savings have been enormous due to the substantial reduction in the number of employees together with the radical branch office reduction. However, the only reason for making this self-service software available should not be cost savings. The service offered needs to add value also to the customer or otherwise it will fail. In the Finnish banks case the value added consists of the saved amount of time for the individual customers and abolished time constraint. Today, a customer is able to choose the time to perform these actions, which also take only a fraction of the time usually spent in a bank.

One should not take the Internet as an easy tool to use. It provides a means to exchange information at a lower cost than traditional communication methods. However, at the same time it can increase radically the amount of information exchanged requiring more knowledge from the counter part, more time will be spent etc. All together, it allows a significant increase of information to be exchanged.

The level of the Internet exploitation can be divided into five successive stages:

1. The first stage of exploiting the Internet covers usually the use of Internet as a company internal media of communication i.e. so called Intranet.
2. The second state is being present on the Internet. Generally this means having a web page.
3. The next phase would be to make some sort of transaction available on the Internet. Usually, standard products or services can be ordered through the web. This is the last point to build a customer database in order to provide better customer service and be able to effectively handle the commerce.
4. The two last stages in the use of Internet are already highly developed. Mass individualisation variant means that customer is able to specify and alter the product or service features. Standard products and services are added up with individual features.
5. The final stage, full electronic commerce, includes the whole process from selection, through buying to payment and delivery, to be handled through the network. (Rohner, 1998,136-137)

When looking at the previous categorisation, not many companies have reached the fourth or the fifth stage. Some Finnish banks offerings are reaching the fourth category. Mass individualisation or mass

customisation whatever you call it, should be the next phase for Finnish banks as well as other companies on the Internet.

It is true that the Internet has significant potential for increasing revenue, decreasing costs and for retaining customers through improved customer service. However, the majority of companies embracing the use of the Internet are focusing upon the first two and forgetting the third dimension (Brown, 2000, 160). The ways to improve customer retention are discussed more thoroughly in the next chapter.

3.1.1.2 E-mail

The main advantages of using electronic mail are its speed and cost-effectiveness. Electronic mail, in general, reaches the contact in few minutes time. It reduces the time and cost compared to e.g. sending a traditional letter. In addition, it makes possible a fast exchange of information between the parties involved. E-mail is certainly more and more replacing traditional letter exchange, but it also is replacing phone calls, as the recipient can choose the time when the message will be red and replied.

E-mail is a direct and personal way of communication. In addition, the same message can be sent to several respondents at the same time. Further, automatic answering can be set up, documents attached to mails etc. Internally for especially a global company e-mail offers a personal way to communicate the same information to all of its employees. The same applies naturally to all of its interest groups. Thus, electronic mail has said to reduce the barriers between people at different hierarchical levels (Rohner, 1998, 117).

The risk in exploiting e-mail is to overuse it especially for direct marketing. Thus, companies should avoid overusing the e-mail as means of sending general anonymous marketing information e.g. newsletters. If customers or employees become tired with the amount of mail received, they will not read the important messages either. Thus, e-mail cannot be considered very interactive; as customers can just ignore the messages they receive (Datamonitor, 2001).

Another risk related to e-mail is its impersonality together with its speed. It is just words like any letter. Yet, it is often written very fast therefore, prone to errors and mistakes both in writing, reading and interpreting the message. The recipient is not necessarily able to capture something that was meant to be e.g. humorous. Though, it can cause some inconvenient misunderstandings. Therefore, care should be put into words used that they convey the message that was intended especially in customer communication.

Like earlier mentioned e-mail is often used as a complement to other contact channels, which might be the most suitable way of usage if taking into account the risk of misunderstandings. However, it offers an important way to gather customer information especially combined with the use of Internet, as customers can express their ideas freely in e-mails to a given subject, which was already discussed in the previous Internet section. Due to its complementary nature e-mail will not be studied as a separate channel.

3.1.1.3 Mobile devices

Mobile devices include developed mobile phones, which offer other services than just traditional telephone conversation, and other handheld online wireless devices. The hybrid nature of phones was already discussed in the beginning of this chapter. Technologies like earlier mentioned MMS, GPRS or WAP (wireless application protocol) enable the development of services that can be used to both explicit and implicit information gathering. In the future, these devices might offer the same possibilities that the Internet offers today and increase their importance as a sales channel.

However, mobile devices with their current limited transmission capabilities regarding the amount of information are not very suitable for explicit information collection. Only very short queries would be beneficial. However, the implicit information collection could be very beneficial if used e.g. to real-time marketing i.e. mobile devices could be well used in delivering marketing information of nearby companies to the device depending on the device location. Due to the minor importance of mobile devices and available applications for the time being mobile devices are left out of the study. However, it must be noted that valuable information can already be collected from e.g. young people who are already using several of these services.

3.1.1.4 Interactive TV

Interactive TV could in the future, if it succeeds to establish itself, offer an easy and efficient way to collect customer response as well as psycho- and sociodemographic information. This could be done through entertaining enquiries or squizes that give people something to do while there is nothing interesting going on in TV.

In addition, TV could form an important sales channel especially in consumer sales, if the technology will be developed to support the dialogue with customer. The current TV shopping is still far from representing the new media. One advantage that favours TV compared to other media is that people are

more familiar with TV than with computers or mobile devices. TV sets are found in nearly every household in western countries, whereas computers are far from saturation point.

Internet as the most established new electronic contact channel represents the new electronic channels in the empirical part of the study. Other new electronic channels like mobile devices and interactive TV are in their infancy and their contribution to business is very little, as either their functionalities and/or the services offered are very limited or applications non-existing like it is the case with interactive TV. On the other hand, e-mail, that is a very important and popular contact channel, is often used in a supportive way, which means that it is used to complement other channels like the Internet, telephone conversation etc. Therefore, e-mail is not considered as a channel of its own and left out of the study.

3.1.2 More traditional channels

The more traditional channels presented here include telephone, letter and personal contact as these form the most important existing channels and represent the vast majority of contacts. The facsimile and other "oldish" electronic devices have been left out due to their minor role in communication. In addition, no events or conferences are handled as such. They could be seen to belong to the personal contact, even if there are many participants at the same time. The empirical study concentrates on the telephone and personal i.e. face-to-face contact channels, as these channels enable a true dialogue with the customer and can be used to perform all business processes marketing, sales and service and even delivery.

3.1.2.1 Telephone

Telephone is fast, personal and cost efficient way of communication. Even though, the visual contact is still often missing a telephone conversation is personal. Thus, telephone is a good media to reduce customer anger or frustration. This is provided by the emotionality, which cannot be hidden in a phone conversation. (Vavra 1992, 113-115) Therefore it is in fact good if an angry customer calls instead of writing as while speaking he or she can let the steam out and get the problem solved immediately and finally remain a satisfied customer. Telephone is much used in customer service and it is a good means to collect customer response i.e. comments, complaints, suggestions which of course should be added to the customer contact history as well.

Telephone is also a cost effective means of communication, if compared to the costs of e.g. posted letters or meetings in person. The savings incur in two ways: it is actually cheaper to speak over the phone and the conversations tend to take less time than writing a letter. In addition, it may be more personal than a general business letter, thus enhance the emotional bonding in the relationship, which is discussed in more detail in the next chapter. Thus, telephone is well suited to collect more information from the

existing customers. It could be even easier to ask some questions over a telephone conversation than it might be in a face-to-face situation.

However, there is a risk that the positive sides of a telephone will be turned into negative. With the current technological capabilities and recent development, it is possible to let the customer hang on the other end of the line for ages, which destroys the idea of fast communication. In addition, CTI enabling the automated call handling and routing affects the personality attached to phone calls. This might create frustration and dissatisfaction among customers. In addition, at the same time telephone is very intrusive means of communication (Datamonitor 2001). If telephone is used for direct marketing purposes and the phone call arrives on "a bad moment" the recipient might get annoyed.

3.1.2.2 Letter

In the era of e-mail the amount of written letters has gone down. Letter as a two-way communication media has lost its importance. The traits of a letter are very similar to those of e-mail. When using letters or any other written media care must be taken of words and phrases that are used. For that reason it is also time consuming to prepare a good letter. The disadvantages include also impersonality, despite the dear Mrs/Mr part that is often used to attract the reader's attention. Further, other elements of communication like voice, gestures etc. cannot be used like e.g. in a telephone conversation the tone of voice reveals the actual meaning of words, but in written communication it is just words.

On the other hand, if written information is carefully planned and the content has individual meaning or at least it gives that impression, a letter can be a valuable medium of improving customer relationship. This idea is based on the natural human behaviour. We appreciate, if somebody has spent time only for preparing us something and most of us are still flattered to receive traditional personal mail.

Letters can be used to disseminate information to customers or to direct marketing purposes. However, letters are very seldom replied, thus, they are not very suitable to collect customer information, the only exception being large customer satisfaction surveys or other type of questionnaires conducted. Even though, e-mail is replacing the traditional letter in this sense as well. Further, letter are considered here as contributory media just like e-mail and thus, it will be left out of the study.

3.1.2.3 Personal Contact

Despite the fact that information technology is developing at an ever increasing pace offering new ways of communicating faster and cheaper, the importance of personal contact has even strengthened its

position (see e.g. McKenna 1991, 155). Customers highly value personal contacts with sales representatives and other customer service personnel. Especially longevity of these personal relationships influences customer buying-decisions. According to Hennig-Thurau and Hansen (2000, 375) creating a friendship between the customer and supplier individuals is the most effective way to improve customer retention and loyalty. It is likely that the basic need for humans to have inter-personal relationships guide this trend. In addition, it might be comforting in the constantly changing environment to have something that lasts. Thus, emphasizing personal relationships could serve as a way to improve the customer service and further increase customer loyalty. McKenna (1991,102) even argues that a personal relationship is the only way to retain customer loyalty.

Key account management (KAM) or Strategic account management (SAM) concept is one implication of customer relationship marketing, which emphasizes the importance of personal relationships. It aims at providing customers better service and creates loyalty among customers. Further, it has even been suggested that marketing departments should cease to exist as everybody in the company having contact with a customer, should be considered as marketers. Therefore, also the marketing management should be the responsibility of the account manager together with the line manager. (Storbacka et al., 1999)

Even though, personal contact is perhaps the most powerful way to obtain loyal customers and it is an important way to gather customer information, there are some obstacles to tackle. One problem in the information gathering is, that the information received might stay in the person's head and never reach anybody else in the company. This could be at least partly avoided through structured information gathering processes. Further, there might be some delicate issues that the customer is not willing to discuss or reveal in person and sometimes even the two persons do not get along with each other.

Rohner (1998, 27) predicts that marketing options and methods will undergo a massive expansion and renewal in the information era. The existing contact channels and communication media do not disappear, they will continue to exist together with the new opportunities of the cyber world like the Internet. An integration of the benefits found both in new and the old media, would probably give the best return. Thus, contact channel management and related strategies have increased their importance. These will be presented in more detail in chapter four.

3.2 COLLECTING CUSTOMER INFORMATION

After presenting the customer contact channels and how they can be managed the remaining question: what information should be collected through these channels and how it can be collected, will be

addressed in the coming paragraphs. The chapter ends in presenting how the information can be grouped into different categories.

3.2.1 Data Collection Principles

As the current capacities of databases allow saving almost all-possible information, it is very easy to collect unimportant data. This causes inefficiency as unnecessary work is being carried out as well as it might make the use of the information more complex and thus slower. Therefore, each business should first analyse what decisions are based on stored data. If no decisions are made based on a given data element, then this element is redundant and should not be considered as a part of data structure i.e. collected (Storbacka, 1999, 151). Furthermore, whether the benefits of some new information justify the costs of collecting that information in the first place, should be considered as well (Chojnacki, 2000). Shaw and Stone (1988, 89) write that the information must be cost-effectively collectable and clearly required for future revenue stream generation i.e. the information must be exploited. Even valuable information can sometimes be too expensive to collect, analyse and use.

Another important factor is not to annoy customers by asking millions of questions just to receive a magnitude of information, if that information never gets used or ask the same question multiple times. Peppers et al. (1999, 98) give also the advice that never ask a customer same thing more than once.

This leads us to structured data gathering that is also highlighted in the literature. Nearly all information needs to be typed into the system in structured form for the ease of future use. The data that cannot be retrieved from existing systems needs to be collected through customer contacts. The collection of the missing information should be organized systematically. Those customer encounters should be scripted to ensure the right questions are asked and that information stored into the customer database. (Storbacka 1999,151)

However, it is difficult to find literature, which would give exact guidance on information requirements i.e. what customer information should be collected into a customer database. Perhaps, it is considered to depend too much on the area of business as well as the company itself that no general rules can be given. Even the questions below, which should help in deciding, what data needs to be collected, remain at a very high level.

What will the database be used for?
Who will be using the database?
How will the database be used?

What data is available?
What further data is required?
What information is required?
Who will be responsible for implementing the database?
(Rohner, 1998, 73-74)

A good starting point is to divide the customer data into transactional (e.g. product purchased, quantity purchased, etc.) and non-transactional data (e.g. suggestions, complaints, etc.), as part of the information needed is usually accessible in the companies ERP systems. Companies should first integrate the customer data across the whole organization and then expand the customer data profile (Wells & al. 1999). Peppers et al. (1999, 27-28) advise also to take an inventory of all customer data already available in an electronic format and locate all customer-identifying information that is currently "on file", but not electronically compiled e.g. company divisions having their own customer information files. Only after that is done, a company should engage itself in collecting more customer information. (Peppers et al. 1999, 27-28)

The characteristics related to the use of a customer database can also be seen as requirements for a database set up. **Addressability** means that each customer is an individual and can be treated as such i.e. an identifier is needed. **Measurability** means that all transactions with the customer need to be traced i.e. at least customer's purchase history is saved into the database. **Flexibility** gives the company possibility to use the information in many ways without any time limit and further contact different customers in different ways. **Accountability** means that results from any campaign or other customer activity is measurable and can be presented in figures. (Vavra 1992, 32)

3.2.2 Data Collection Methods

Basically, there are two ways to collect customer information either IT assisted or automated data collection. Most of the information is still collected through employee interaction and different applications only assist in the interaction. However, Internet has started to change that by offering a channel that can be used without an employee in the middle. All information collected can be delivered through applications or directly into customer database without any human interaction. The figure below describes well the two basic options in information collection.

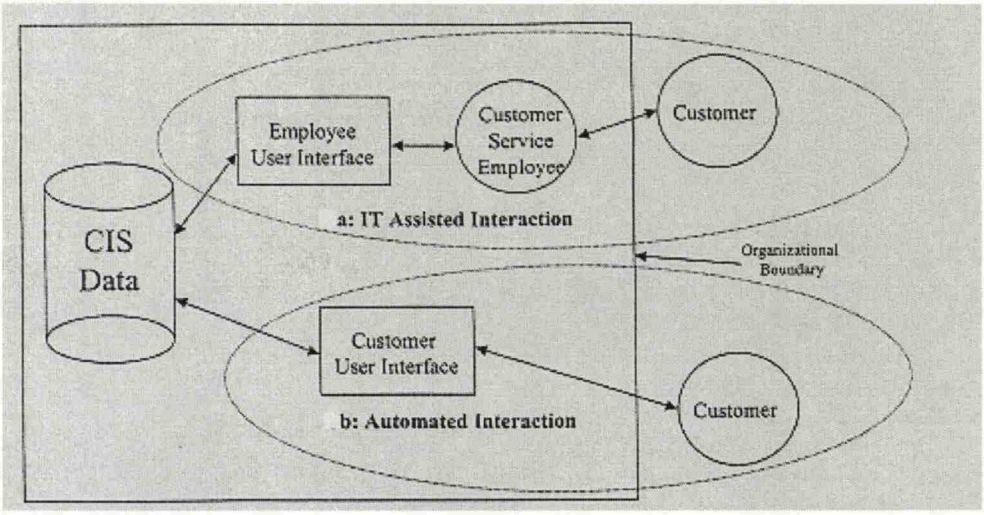


Figure 6 IT assisted vs. automated customer interaction (Wells et al., 1999)

Thus, the nature of customer interaction can be used to divide the new electronic channels from the more traditional channels. The new electronic channels enable the automated customer information collection, whereas the more traditional channels always require an employee interaction. Automated interaction could provide the company valuable information with limited costs (see Wells et al., 1999).

How to collect customer information after having the basics? There are different ways to obtain this additional customer information. Questionnaires, surveys, like customer satisfaction survey, can be used to collect additional information about customers. Club memberships and other type of bonding can be used. Methods depend on the customer and the industry category. All contact points can be used to track information. Especially those where customers take the initiative and freely express themselves are valuable sources of information e.g. a company web page offers a good place for this.

Collecting customer information through Internet should therefore be easier than by other means. Like mentioned earlier, it offers a place, where customers can express their own views and ideas in private. Pine et al. (1995) point out that non-transactional customer data is equally if not more valuable than the transactional data. Therefore it could be presumed that when the Internet is used for collecting non-transactional information the company would receive more in-depth data than through other channels. Thus, the data is more valuable than that of collected by other means. This is due to the fact that the data collection was not structured and the customers were given the option of free expression.

In addition, like discussed earlier, the automated interaction can be used in two different ways to gather customer information either explicit or implicit. The techniques of new electronic media offer the possibility to observe customer interaction implicitly without the customer noticing anything. However,

for the implicitly gathered information to be really useful very developed analysing methods should be in use.

The explicit information gathering methods in the Internet include web-forms, like tick boxes that often pop up and request information when you visit a site. The other more advanced method is called opt-in marketing or permission marketing, which asks more detailed questions from the user, if he/she has already decided to subscribe more information on the given subject. Taking into account the user preferences the communication can be modified accordingly. (Datamonitor, 2001)

Another good customer information source is naturally the whole transaction process, which in fact creates a lot more information than just what was bought and how much it cost, if the interaction is recorded properly. Wells et al. (1999) call this transactional information compared to non-transactional information that includes customer response e.g. suggestions, complaints, preferences etc.

Sales force is an extremely useful source of information to collect the non-transactional data. Yet, the problem with sales people often is, that the information tends to stay inside their heads and is not always reported neither to other people in the company nor typed into the system. Therefore, a process, which almost seemingly gathers that information, should be put in place. Peppers et al. call this observable customer data (1999, 77) Call centres or other hot lines whether they are built for sales or customer service purposes are also valuable places to collect customer information. But the same applies to them as well – a formal process to gather the information should be put in place.

All sorts of marketing activities: sales promotions, conferences, store front interactions etc. where customer is taking physically part in the action, can be used to collect customer information either by listening to the customer or by different kinds of questionnaires, surveys or competitions. These filled out forms can be used together with different media as well. A questionnaire or other written inquiry can be answered through post, email, and web or in a marketing event as in case above. Different kind of customer surveys or research could be used to collect information either company internally or by using outside research companies.

Sometimes marketers do not want to impose on customers to ask questions other than product related. Generally this fear is vain, as customers in general are willing to provide information about them selves. There are two reasons for this. First, customers are flattered that the company is interested in him or her, in addition he might understand that the easier it is for the company to serve him better if he gives information on his needs and wants. Second, people like to talk about themselves and that could be

exploited in diverse application forms. (Vavra 1992, 62) Anyhow, all the detailed information should not be demanded right at the beginning of the relationship. The relationship needs to develop. Rohner (1998, 29-30) speaks about esteem that can only be built up by using two-way communication. Esteem also means respecting the customer's private sphere. Gradually, customer becomes a partner and very strong emotional bonds will develop. (Rohner, 1998, 29-30)

3.2.3 Customer Information Categories

Customer information needs and the information gathered can be divided in many different ways. The division in this study is formed as a combination of previous academic writings and writers own views. (See e.g. Shaw and Stone, 1988, Vavra 1992 and Hennig-Thurau and Hansen 2000). These categories are put in such an order that a company would start the information collection from the customer personal information heading towards the information related to the company its products and services. In the empirical part I try to validate whether these groups exist in real life.

3.2.3.1 Contact Information

Contact information generally includes the basics of a customer: customer name, address and phone numbers. Usually this customer information is used as customer identifier in the database and therefore this information should be correct. Another opportunity is to create a unique coding system (Shaw and Stone, 1988, 91) and index e.g. by giving a number to each customer and further use that index as search criteria.

Contact information is probably the easiest information to obtain especially among existing customers. Anyhow, there is a problem of duplicates. The same customer can be found twice in the database due to a spelling error or with different addresses. In addition, contact persons may be listed several times by slightly changing names. Emphasis should be put into updating and cleaning the customer contact information, as customers get a non professional impression by receiving e.g. several letters from the same company under slightly different names or addresses.

3.2.3.2 Sociodemographic Information

Sociodemographic information can be defined as information that is related to the social status of the customer. Such information includes e.g. customer age, profession, income, wealth and marital status. It could also be extended to cover information of the neighbourhood i.e. the area where the customer lives, as it might indicate customer sociodemographic status as well.

Sociodemographic information can be used for segmentation and individualized customer service, but often the information is not valuable and therefore not needed. In the current world with proliferated needs e.g. lifestyles could be more suitable. In addition, the same information is often available to the competitor as well. If such information is needed, Internet as an impersonal media could suit well to collect such delicate information, as customers might not be willing to discuss such matters in person. Other sources for information could be public registers i.e. public tax registry, if available.

3.2.3.3 Psychographic Information

Psychographic data is more usable in customer relationships than sociodemographic information. Psychographic information includes information that is related to the customer's person itself. It includes such things like hobbies, general interests and lifestyle even person's nature e.g. impatience could be exploited, if known. Unlike sociodemographic data people are often willing to reveal these things and perhaps the easiest way to obtain this kind of information would be in personal contact either face-to-face or over the phone, as most people are delighted to discuss about their hobbies. However, Internet offers a cost-effective way to gather such information as well. In general, this information is suitable for customizing the product or service offer depending of course of the company industry.

3.2.3.4 Transaction Information

Transaction data includes information on commercial transactions between the company and the customer e.g. orders, returns, balance (Shaw and Stone, 1988,91). Customer specific transaction data can be very useful e.g. in segmentation depending on the company's industry and the way of doing business. Quite often the transaction related numeric data already exists in the company's operational systems. Yet, it often remains e.g. in the accounting system without further analysis or it only will be analysed by finance managers at an overall level. The numeric data might also be stored into a system that cannot be accessed outside the function owning it.

According to Vavra (1992, 43) the most important components of customer database are related to Recency, Frequency and Monetary Value, called RFM in direct marketing. Recency reflects to when was the last time that customer purchased. On the other hand, frequency tells how often the customer purchases. And monetary value is the total amount of money customer spent into your products or services during a certain period of time. Shaw and Stone (1988, 92) use the abbreviation FRAC, which indicates frequency, recency, amount and category, where the category is added as a new element. Category reflects to the product category or range the customer is buying from. What is common to both

of these concepts is that the transaction related information or the raw data that enables to calculate above mentioned measures needs to be collected. This means that details of each transaction must be recorded. Usually, the company invoicing system does this.

Anyhow, the data or information should be brought to marketing and sales functions i.e. to all employees working close with the customer i.e. in all customer touch-points. It should also be analysed on the customer level. The same goes for product information from manufacturing and delivery systems as well. Another typical problem is that the numbers are not used to obtain more information about the customer. Either the company is missing the tools to analyse the figures or the lack of skills needed to analyse the data or even worse it is not considered important.

3.2.3.5 Customer Product and Services Information

Sales process related data is not captured by other formal systems with the exception of order entry and distribution. The field must gather its own information. Quite often the data is only entered into the invoicing process and further to financial system, but not collected to enable future usage. Thus, a CRM system can provide much needed insight regarding what is happening within the sales process and within the market (Petersen, 1995, 50).

Sales function often collects the product information, if they record it at all and services department have their own files for customer care. Yet, like all other customer information, this information should be available to all those having contact with the customer. Customer product and services information should cover the customer contact history, what has been bought, when and what services have been used.

When customer product and services information are collected into the CRM system, it leaves more face time to sales people i.e. time to spend with customer and listen to their needs. In addition, it saves time in the future when all information is gathered in one place and available when needed e.g. when a new offer is created or sales people are leaving the company.

3.2.3.6 Marketing Information

All major marketing activities targeted towards customers should be referred here. Promotion, PR, conferences, shows etc. the customer has participated and if any feedback or even sales initiated from those efforts. It might be also worth to record the cases customers did not respond i.e. did not participate in an event or accept an invitation. That could reveal something about the customer interest areas as well.

In addition, it is very important to record all marketing campaigns the customer has been exposed to, as it enables, if positive response is generated to create more similar offers and to avoid certain types of campaigns.

Marketing information should be entered into the CRM system by those who are in charge of the marketing efforts sometimes it is the marketing function, but like it was noted earlier in the personal selling section there has been some arguments that the marketing function should cease to exist as an independent unit. Everybody, who has a direct contact with a customer, should be considered as a marketer (see Storbacka et al., 1999). In reality, however, it is often a group of people who prepare e.g. all campaigns and those employees should enter the marketing information..

3.2.3.7 Customer Response

Customer response is the information that is most valuable to the company. In this study it includes all information that is somehow related to the company i.e. customer response, which includes customer needs and wants, preferences, complaints, suggestions etc. This category might also contain information like, how the customer prefers to interact with the company. It is also company specific information, thus, not available to any competitors. Such information can be used to customize product and service offerings and individualised service. Thus, it can be a source of competitive edge (see e.g. Pine et al. 1995).

However, the collection of customer response is often neglected even if the information would be available due to non-existing systematic procedures. This information can be collected through various channels. Internet as an impersonal channel offers customers a place where they can freely express their views, which makes it suitable for collecting customer views, attitudes, preferences, suggestions. Moreover, compared to a face-to-face situation the information collection in the Internet is cost efficient and can be easily structured. Therefore, it is presumed that Internet is more capable than the more traditional channels to gather in-depth customer data i.e. customer response.

By integrating this information through various criteria better customer service can be offered to the customers. The German automobile company Volkswagen has engaged itself into CRM. The company management has understood the importance of customer information and built a customer database to handle end user information. At Volkswagen the customer database is divided into two groups customer facts and the behaviour of customer (Chojnacki, 2000).

Customer facts includes:

- Basic data (name, title, nationality etc.)
- Address data (postal code, city, street)
- Psychographic data (hobby, lifestyle)
- Sociodemographic data (age, income)
- Other data (exclusion notes)
- History

Behaviour of customer includes:

- Contact data via customer service channels
- Response (inquiries, complaints etc.)
- Purchase
- Exchange of bonus points

Furthermore, each customer record is made up of contact details and the following different sets of customer information:

1. Personal information i.e. gender, date of birth, marital status, size of household, profession, nationality, hobbies interests, lifestyles, multimedia behaviour etc.
2. Product information i.e. current model and all related matters.
3. Customer history i.e. purchase information, complaints made, loyalty or satisfaction indicators.
4. Status information i.e. existing customer, former customer, business customer, status.
5. Information on business relationship
6. Profitability information
7. Club information.

This data is used to improve customer service and satisfaction, to customize offerings and to prepare those offers just on time. Even if the grouping of the information is not very clear, the company is a good example of how the customer information can be exploited.

However, the Volkswagen example as well as the literature is missing a separate category for the implicitly gathered information i.e. observations of customer movements inside a channel that are available through the new media. There could be several reasons for this: Either the actual gathering is still non-existent or the usefulness of such information is very low. On the other hand, the implicit information could be exploited separately and would not be beneficiary in direct customer contact, thus

left out of discussion. In addition, the implicit information gathered might contain a lot of prospect information e.g. possible customers browsing new car models in the Internet, thus it is handled separately. In this study the implicitly gathered customer data belongs to the last customer response category, as it is company related information that is currently collected through the Internet.

3.3 SUMMARY OF DATA COLLECTION AND ORGANIZATION

I have to conclude that there is very little information on how to use channels efficiently in customer information gathering, what information should be collected in general and through which channel. The general principles of information collection stress the importance of structured data collection and that only relevant and cost-efficient data for decision-making should be gathered. Despite the challenges, I have tried to group the customer contact channels together with the customer information categories, which channels would be best suited to collect certain kind of information. The highlighted channels will be tested in the empirical part of the study.

Customer contact channels:

New electronic channels:	More traditional channels:
Internet	**Telephone**
E-mail	Letter
Mobile devices	**Face-to-face contact**
Interactive TV	

New electronic channels (Internet, e-mail, mobile devices, interactive TV) can be used to collect information either explicitly or implicitly. The implicit information gathering is a unique feature to all new electronic channels. Moreover, the information collection can be either IT assisted or automated requiring no human interaction. Thus, the electronic channels offer more ways to collect customer information. In addition, the impersonality of Internet gives customer the opportunity of free expression. *Therefore it could be presumed that more customer information is collected through the Internet than through the more traditional telephone and personal contact.*

Customer information categories and the main source of such information:

- *Contact information* (existing customers), which includes customer's basic information like name and address should be available through the company legacy systems.

- *Sociodemographic information* preferably asked in the beginning of the relationship. If later needed either impersonal media like the Internet, which can be used to collect such delicate information or public registries could be used.
- Generally people like to discuss about their hobbies and interests. Therefore, such p*sychographic information* could be collected relatively easily by using the more traditional media i.e. face-to-face or by phone.
- *Transaction information* that generally contains all the actual sales i.e. transactions with the customer usually is collected by the invoicing system and available in the company legacy systems.
- A structured collection for *customer product and services information* should be organized through the channels that are attached to customer sales and service processes. Often these are complex matters that require human interaction. Thus, it could be presumed that this type of information is more easily collected through the more traditional channels personal contact and telephone. The electronic channels have usually a complementary role with the exception that the whole sales process is done electronically without any human intervention.
- *Marketing information* is generated inside the company and therefore cannot be collected from customer. Only the response can be collected from the customer.
- *Customer response* that is considered the most valuable type of information, the company can use to gain competitive advantage (Pine et al. 1995). Customer response includes all other information that does not belong to previous categories such inquiries, complaints, preferences, suggestions etc. Internet as an impersonal channel offers customers a place where customers can freely express their own views. Plus, it offers a structured way to collect customer response. *Therefore it could be presumed that more valuable customer information is collected through the Internet than through the more traditional telephone and personal contact.*

4. BENEFITING FROM CUSTOMER DATABASE

According to the CRM strategy the ultimate goal is to sell more to the existing loyal customers. Thus, all interactions with the customer should reinforce long-term relationships. Therefore, collected customer information should be used to reinforce customer loyalty. Chapter two concluded with a list how the customer information could be used in order to achieve customer loyalty and increased sales. The usage possibilities included:

- Segment the customer base
- Identify customer needs and anticipate future changes
- Find ideas for new product and service design
- Customize marketing efforts
- Improve customer service and care
- Improve channel management
- Replace market research

Before going into how to improve the customer service and encourage loyalty the chapter introduces different measures that can be used as indicators of customer loyalty. Later, the chapter presents in more detail the actual usage of customer information based on these measures. The chapter ends by drawing a framework for the study.

4.1 MEASURES FOR CUSTOMER LOYALTY

Large amount of companies have engaged themselves into CRM. Yet, they very often lack measures in order to verify the actual changes and benefits in the customer base (e.g. Payne and Frow, 1999). It is not enough to say that we stress customer satisfaction in all our business. Whether the CRM really works needs to be measured continuously, which gives indication of the relationship direction and possible places for improvement.

From the measures both qualitative and quantitative targets and objectives should be set and the eventual success measured. These measures can also be used to guide the segmentation and marketing strategy further. In addition, these measures can be made available in direct customer contact to enable the right kind of service for each customer. However, it would be more beneficial to relate a value to an action e.g. if average monthly invoice is substantial, one could try to offer a unit discount, if a certain amount is reached or introduce a novelty product to the customer.

Storbacka et al. (1994) divide customer relationship measures into two main groups: perception measures, which include service quality, satisfaction and intention to buy versus action measures that include purchase loyalty, purchase volume, word-of-mouth behaviour and long-term customer relationship profitability. They argue also that only customer real actions influence companies' revenues and profitability, thus more research should be concentrated on linking these two type of measures by depicting their interrelationships.

To investigate further the interrelationships between different types of measures Storbacka et al. (1994) introduced a useful model, the figure below, for presenting a relationship profitability model that introduces the linkages between different relationship measures.

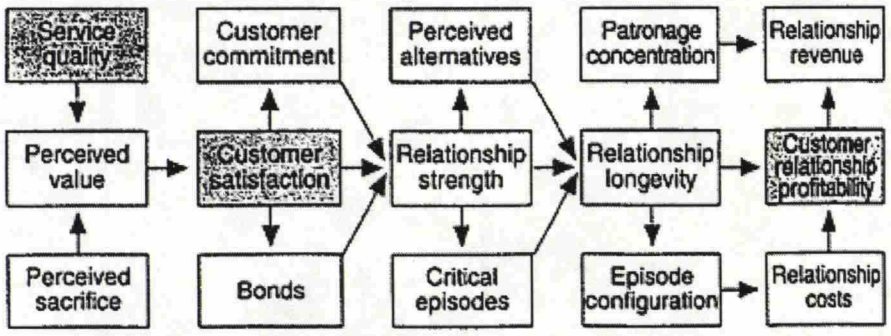


Figure 7 A relationship profitability model (Storbacka et al. 1994)

The main concepts in the above figure are defined as follows:

Customer satisfaction is customer's cognitive and affective evaluation based on the personal experience across all service episodes within the relationship.

Relationship strength is measured both by purchase behaviour and as communication behaviour, which includes word of mouth and complaints. Customers that buy frequently are considered loyal. Therefore **loyalty** indicates a stronger relationship.

Bonds are exit barriers that tie the customer to the service provider and maintain the relationship.

Commitment is defined as the parties' **intentions to act or buy** and their attitude towards interacting with each other.

Critical episodes are episodes or transactions that are of critical importance for the continuation of the relationship.

Patronage concentration, which is called **customer share** in this study, indicates the share of the customer's cash flow in a certain industry. In other words, it gives the percentage of how much the customer spent on the company's products or services compared to the total amount spent on that industry. Usually customers tend to have several possible suppliers i.e. an evoked set.

Relationship longevity indicates the length of the relationship.

Episode configuration includes the episode types and the amount each episode type occurs over time in a relationship.

This chapter tries to present the current concepts and measures used in CRM. Despite the similarity in measures the above-mentioned division to action and perception measures has been changed to perhaps more traditional quantitative vs. qualitative measures, as it is more useful regarding the customer data collection. First all quantitative measures that are generally easier to apply and understand are presented. In addition, the information to calculate these measures can be usually found in the company legacy systems. After that the more soft measures, which are usually more difficult to measure, are introduced. This information needs to be collected separately from the customer. Finally this chapter is concluded by the possible exploitation of these measures: how to actually improve the customer loyalty by using the customer information and these measures.

4.1.1 Quantitative Measures

The company invoicing process usually captures revenue and profit measures as well as buying behaviour. Thus, the information exist in the company IT system. The information just needs to be turned into customer knowledge and transferred into customer database to enable the exploitation in direct customer contact.

4.1.1.1 Revenue and Profit Measures

Revenue, costs and profits per customer are good indicators of the actual customer relationship. It is especially good if these figures could be compared to previous years' figures and also to customer share, i.e. the share of the company from customers' total amount spent in that product or service category. Even though, accounting is responsible for general profit and loss calculations, these measures should be calculated per customer and the costs allocated might differ from those of bookkeeping by taking into account e.g. true sales promotions costs individually.

Lifetime value tells the company how much a customer is worth. The lifetime value measure is based on several assumptions namely that of the average lifetime of a customer and the average amount that the

customer is going to purchase during that time. There are several methods for calculating customer lifetime value, some of them more sophisticated than others. Vavra (1992, 39) proposes an aggregate estimate by dividing total purchases of all active customers by total number of active customers. This figure though, could be highly distorted if the company has few important customers who are responsible for the bulk of profits and lots of small customers with a minor input. Therefore, if possible the lifetime value should be calculated separately at least among the most important key account customers.

A more detailed method to calculate customer lifetime value is to calculate the net present value of all future profit that will be earned from the customer. This means that all operating as well as fixed costs should be calculated together with the possible future revenue in order to end up to the lifetime value that could also be called as customer lifetime profit. (See e.g. Shaw and Stone 1988, 136) Sometimes it is too difficult to predict the future amounts, but even the current revenue and especially costs related to generating that revenue could reveal something from that relationship.

For comparison purposes, the cost of acquiring a new customer should also be calculated. Estimates could be based on conquest rates. The cost of acquisition should be less than the expected lifetime net profit in order the relationship to be satisfactory. (Vavra, 1992, 40) An average conquest cost could also be used in calculating the time period it takes before a customer becomes profitable.

4.1.1.2 Buying Behaviour

Share of wallet or **Customer share** as previously mentioned means the share you get from the customer's total spending in the field or industry. **Total expenditure** is the total amount customer spent on a certain sector over a period. Therefore, it is needed to count the individual customer share.

Rohner (1998) stresses the importance of customer share. It would be ideal to get all of the customer's spending in that particular product or service category, but usually that is not the case. An example of the customer share shows the importance. If a company has an overall market share of 50% and respective customer share 10%, the company actually possesses 5% of the total sales volume. On the other hand, if a company has 25% market share with a customer share of 80%. Their part of the overall sales volume is 20%. (Rohner 1998, 29) Of course, the analysis is not that simple as it depends a lot from the definition or the wideness of the industry or the field in question.

Customer share is also important, as the costs for acquiring a new customer are 5 to 20 times higher than they are with the existing customer. (Rohner 1998, 29) Also, having fewer customers enables the company to acquire a more in-depth view of those customers' needs and wants.

According to Rohner (1998,71) the key information, which all reflect the customer buying behaviour and can be calculated from the database are:

- **Recency** means how much time has elapsed from the last time that customer bought. The closely related notion **inclination to buy** refers to the length of time an activity has been going on. It is the period elapsed for considering a given offer. The longer the time elapsed, the more unlikely customer will still do business with you.
- **Affinity** describes the habitual behaviour i.e. product and service consumption up to date. The word affinity itself means liking or attraction. Scoring models can be used to rate customers for their likelihood of buying. Affinity modelling is used to measure the likelihood of a customer to buy from another range of products i.e. cross selling. **Economies of scope** refer to the same matter, as the company saves costs when a customer buys from another range (Buttle, 1996, 4).
- **Frequency** indicates the intervals between transactions. It serves as an indicator for future business. A frequent buyer reduces the costs of doing business with a particular customer by reducing the amount of overheads e.g. marketing expenditure needed per transaction. On the other hand this is true only if the customer transaction related costs are on adequate level at the first place. Other words used in the same sense are referrals or repeat business.

4.1.1.3 Customer Retention

Customer retention is for the time being probably the most important indicator for customer loyalty. **Customer retention** is the percentage of customers that stay as customers during a certain time period, usually a year. At its easiest retention rate can be defined as the percentage of customer at the beginning of a certain period (a year) that still remain customers at the end of the period. Churn means just the opposite. **Customer churn** is the percentage of customers leaving each year. From customer retention and churn can be calculated how many years it takes to renew the whole customer base of a company. If customer churn were e.g. 20 percent, it would take only five years to the whole customer base to be replaced. According to Reichheld and Sasser (1990) customer defections have a surprisingly powerful impact on the bottom-line. They can have stronger impact on profits than scale, market share, unit costs and other facts associated generally with competitive advantage have.

Customer retention is based on the hypothesis that it costs more to acquire new customers than serve the existing ones. The expenses for winning new customers are several times higher than the costs of selling something to existing customers. The estimates vary from 2 to 20 times (See e.g. Rohner, 1998, 61). An

estimate of the costs for winning a new customer should also be calculated. Likewise on the other end the cost for a lost customer. These figures would indicate the actual situation of that company. Figures could also be compared industry wide.

The work of Reichheld and Sasser (1990) was probably the first one to prove the clear link between customer retention and profitability. A small increase in customer retention could produce a significant increase in profits. They found out that a five-percentage points increase in customer retention could result in a profit increase between 20% and 85%. However, at the same time they also find out that the impact of customer retention on profitability varied a lot across different industries. This in turn causes difficulties for management in developing strategies.

Carroll (1991/1992) criticised that increasing customer retention does not necessarily increase company profits. In response to this Reichheld (1993) stated that there is no point in investing only into customer retention, if those customers are not profitable in the beginning. Therefore, segmentation becomes an important part of a customer retention plan. Yet, it must be kept in mind that some customers might become profitable in the long run and are worth investing now (Payne, 1995, 56).

Customer retention is perhaps the first and only measure so far that actually gives a value to the customer loyalty. Customer retention can be calculated from the information in the legacy system. Probably, it is therefore said to be the best measure for customer loyalty. Even if it manages to indicate how many of the customers change during a year, it does not tell who they are and why they left, which is even more important information to improve the situation. This "why" information could be collected by using any of the sales channels or by combining the channels e.g. e-mail message and a questionnaire in the Internet.

Payne (1995, 57-63) has introduced a more detailed framework based mostly on the previous work of Reichheld and Sasser (1990) for customer retention improvement. First customer retention rates should be measured and a segment based profitability analysis undertaken. In addition to overall customer retention measurement, customer retention should be measured in different segments as well as through different time periods. The second step is to find out the cause of customer defection and underlying key service issues. The third step is then to take corrective actions in improving the customer retention. Therefore, customer retention cannot be considered entirely as an action measure, as the answer to question "why" requires qualitative information as well. (Payne 1995, 57-63)

A summary on how to improve customer loyalty through improving customer retention have been presented in the academic literature, which point out the following (Payne 1995, 44-45):

1. Companies must measure customer retention rates over time and by line of business and other for company important determinants. This information should be communicated and its importance conveyed to the employees as well. (See e.g. Reichheld and Sasser 1990, DeSouza 1992)
2. The root causes of customer defections must be analysed. It is only then when the company can start implementing a customer retention program. (Reichheld and Sasser 1990, DeSouza 1992)
3. Emphasis should be put on internal marketing and particularly front-line employees to ensure they offer service quality that meet the customer requirements. (Berry 1983, Reichheld and Sasser 1990)
4. Best demonstrated practice is also recommended as a technique for improving customer retention rates. (Reichheld and Sasser 1990)

4.1.2 Qualitative Measures

Opposite to the quantitative measures the information to produce qualitative measures cannot be directly found in the company legacy systems. The information needs to be gathered from customers or the information of customer response translated to be able to serve the customer better. Qualitative information includes the customer response and is often personal in nature. Therefore, the explicit information collection in the Internet could be a useful way to collect customer expectations and requirements.

4.1.2.1 Customer Satisfaction

In many academic writings the importance of customer satisfaction and its measurement are stressed. Grönroos (1990) noted that customer satisfaction drives profitability. Likewise, Fornell (1992) argues that customer satisfaction is a future-oriented indicator of the profits of a company. Customer satisfaction can therefore be seen as an important complement to other traditional performance measures like market share, profit and revenue (Payne, 1995, 147). However, it is also agreed that customer satisfaction is a qualitative measure and a highly subjective one, thus it is difficult to measure. (See e.g.. Grönroos 1982, Parasuraman et al. 1988)

Among the first ones Grönroos (1982, 1983) introduced in services marketing a two-dimensional model to analyse and measure the satisfaction by using technical and functional determinants of satisfaction at each end of the line. Technical dimension included the product or the outcome and its characteristics while the functional dimension reflected to the way the service was actually delivered. A third dimension

of corporate image was later added. This corporate image could be seen as a predecessor of the overall relationship measurement.

It can be said that **customer satisfaction** is a combination of product and service quality. The physical product quality can be defined as the product's functional and technical capabilities and its design to meet the customer requirements. Yet, it is very difficult to exactly define what belongs to physical quality and what is left to the service part, and how they could be measured. Berry et al. (1988) define service quality by customers comparing what they want or expect to what they actually get or perceive they are getting. Christopher et al. (1991, 90) give a simple formula for calculating the percentage:

Service quality = (Perceived performance/Desired expectation) x 100

Due to the difficulties in measuring service quality, Parasuraman et al. (1988) created the GAP model and the concept of perceived quality that share the same idea with Barry et al (1988). Perceived quality is largely determined by the gap between customer expectations versus customer's actual experience. An instrument called "SERVQUAL" was created to measure the quality perceived in services. There were originally ten determinants that affected the perceived quality. Those originally ten determinants have been reduced to five by Payne (1995, 91). Those determinants are:

- Tangibles - physical facilities, equipment and appearance of personnel
- Reliability - ability to perform the promised service dependably and accurately
- Responsiveness - willingness to help customers and provide prompt service
- Assurance - knowledge and courtesy of employees and their ability to inspire trust and confidence in customers
- Empathy-caring, individualised attention the firm provides its customers

Before offering any service to customer and measuring the service quality, customer service requirements should be known. Customer expectations must be understood to mean what the customer thinks "should" happen, not what the customer "expects" to happen (Christopher et al. 1991, 70). Even if the company performance could be measured internally, customer expectations cannot be guessed.

Measurement of both customer service requirements and performance is critical for the following reasons:

- If customer service strategies are successful, customer expectations are likely to be exceeded or met.
- In order to be able to measure service relative to the competition.

- Ensures that both the customer and organisation benefit in terms of value. (Payne and Frow, 1999)

To identify the customer requirements is especially important in services where a tangible outcome seldom exists. If customers do not know what they are getting, they are not likely to appreciate it either. Therefore, in order to keep the customer satisfied the outcome should be clearly communicated to the customer. In addition, the seller should "manage the evidence", to give the customer some proof of the service performed, if it is otherwise difficult (Payne, 1995, 92-93).

There are four customer satisfaction levels: dissatisfied, neutral, satisfied and a completely satisfied customer. Jones and Sasser (1995) have examined the link between satisfaction levels and the elements affecting satisfaction. Customer satisfaction is affected by four elements: the basic product or service, the basic support services, a recovery process for counteracting negative experiences and the extraordinary services that seem to make the product or service customized.

A dissatisfied customer generally has problems with the basic offer i.e. product or service of the company. A neutral customer is satisfied with the basic offer, but would like to obtain well-designed support services and a well-working recovery process should something unexpected happen. The vast majority of satisfied customers rank the ability to react when something negative happens i.e. the recovery process, as one the most important factors affecting satisfaction rates. The completely satisfied customers wait that the company excels in understanding them even better than they do understand their needs and wants themselves. If a company achieves complete satisfaction levels with their customers those customers should also be loyal. This would mean that companies should make a clear strategy for a recovery process for small incidents as well as major issues. Implicitly one could think that this area gets the most little attention. (Jones and Sasser, 1995)

Yet, a company should strive to 100 percent satisfied customers. Several research (Reichheld and Sasser, 1990; Jones and Sasser, 1995) have found out that merely satisfied or satisfied customers often defect, when a lucrative offer from competition comes along. Only highly satisfied, e.g. those customers who give a 5 on a 5-point scale are truly loyal. Those customers who can be considered as satisfied e.g. giving a 4 on a 5-point scale, where only slightly more loyal than totally dissatisfied customers, who gave e.g. a 1 on a 5-point scale. In theory, any drop from total customer satisfaction results in a major drop in customer loyalty (Jones and Sasser, 1995). See picture below.

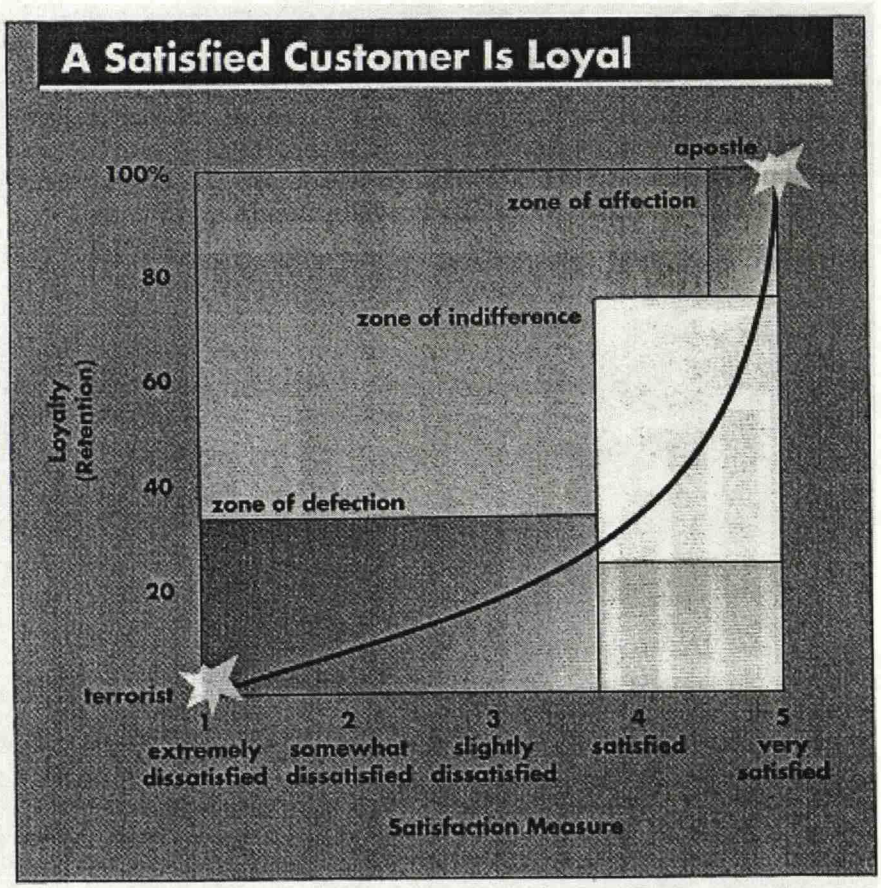


Figure 8 Customer Satisfaction in relation to Loyalty (Heskett et al., 1994)

According to Jones and Sasser (1995) there are two types of customer loyalty: true long-term loyalty and false loyalty. False loyalty can originate from government regulations or legislation that limit competition, proprietary technology for the same reason, high switching costs or strong bonding like frequent-flyer programs. Anyhow, those falsely loyal customers will defect if and when other opportunities become available. (Jones and Sasser, 1995)

The interesting thing mentioned is that customer satisfaction is not a surrogate of customer loyalty. Many satisfied customers tend to switch the supplier and are not loyal. According to Reichheld (1993) from 65 percent to 85 percent of customers who defect say they were satisfied or very satisfied with their former supplier. Thus, current satisfaction measurements are not designed to measure customer loyalty. Also Curry and Curry (2000) support the view: they state that reasonably satisfied customers are most likely to defect.

4.1.2.2 Relationship Quality and Other Related Measures

If customer satisfaction alone is not enough to measure customer loyalty, other measures need to be found. These measures include e.g. trust, commitment and relationship strength. According to Storbacka et al. (1994) **Relationship strength** is measured both by purchase behaviour and as communication behaviour, which includes word of mouth and complaints. Customers that buy frequently are considered loyal. Strong relationship keeps the customer loyal.

However, Storbacka et al. (1994) argues that a customer being loyal does not equal to a strong relationship or commitment, as customers might be loyal just because they do not see any other options available. This in turn, might originate from e.g. market oligopoly, geographic limitations etc. However, those customers like previously mentioned, would neither be satisfied, as they would defect if they had a real option or no barriers.

Another effort to broaden the concept of customer satisfaction by adding customer commitment and trust is a recent model presented by Hennig-Thurau (2000), based on the previous work of Crosby, Evans and Cowles, (1990). The model consists of a three dimensional construct that reflects the **customer relationship quality**. The overall service quality is not anymore to be the only factor affecting customer satisfaction. Trust and commitment have been added as new determinants.

First dimension is the product related customer perception of quality. The customer's trust in the company's ability and willingness to achieve the required performance forms the second dimension. The third dimension includes the customer's commitment to the relationship. The writer admits that there exist complex interactions among these dimensions. Customer's performance related quality perceptions serves as antecedents of both trust and commitment. Furthermore, trust has a positive effect on the commitment as well. (Hennig-Thurau, 2000) The figure below shows the interconnections.

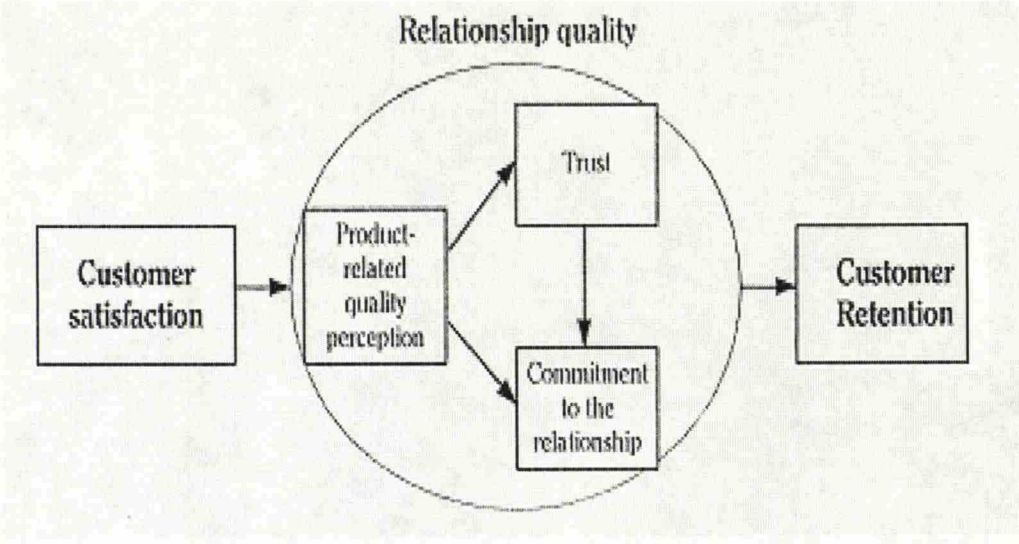


Figure 9 The Conceptual Basis of Relationship Quality (Hennig-Thurau, 2000)

Likewise, Morgan and Hunt (1994) see customer trust and commitment as basic elements achieving long-term customer relationships. Relationship marketing involves concern, trust, commitment and service. **Concern** refers to the companies' concern for the welfare of their customers. **Commitment** means an enduring desire to maintain a relationship, while **trust** means confidence that the customer has in the company's reliability and integrity (Morgan and Hunt in Buttle, 1996, 8- 9).

Unfortunately very little advice is given, how to measure all the above-mentioned determinants. One way to try to measure these determinants is of course to collect relevant information in customer satisfaction surveys, with questions related to the reliability and integrity of the supplier, indicating which areas should be emphasized. The longevity of customer relationship and personal relationships with the company employees could be indicators for trust, as trust is usually something that is earned gradually over time. In addition, customers might also be able to rate their satisfaction level for each of these determinants on a scale, which would give very valuable information to the company. The gap could be noticed and corrective measures taken. The other way of doing this without asking customers the satisfaction rate, would be bench marking for best practices.

Then of course there are customer's **personal traits** and **motivation** that affect the development of long-term relationships. The evolution of consumer involvement also depends on customers' personality and social framework. These determinants also affect the customer **word of mouth** behaviour as well as their willingness to act as **references** to other potential customers. However, a company's ability to affect these kinds of factors is usually very little.

4.1.2.3 Employee Satisfaction

Few studies (Buchanan and Gillies, 1990; Reichheld and Sasser 1990; Reichheld 1993) have concentrated in the relationship of employee satisfaction and retention between the customer satisfaction and retention. The studies suggest that a strong link between employee satisfaction and customer retention exist, maintaining that higher customer retention will lead to higher employee satisfaction and further to higher employee retention. This notion was already referred to in chapter 2, where possible benefits in applying CRM were discussed. The following model by Payne (1995, 46) depicts well the links.

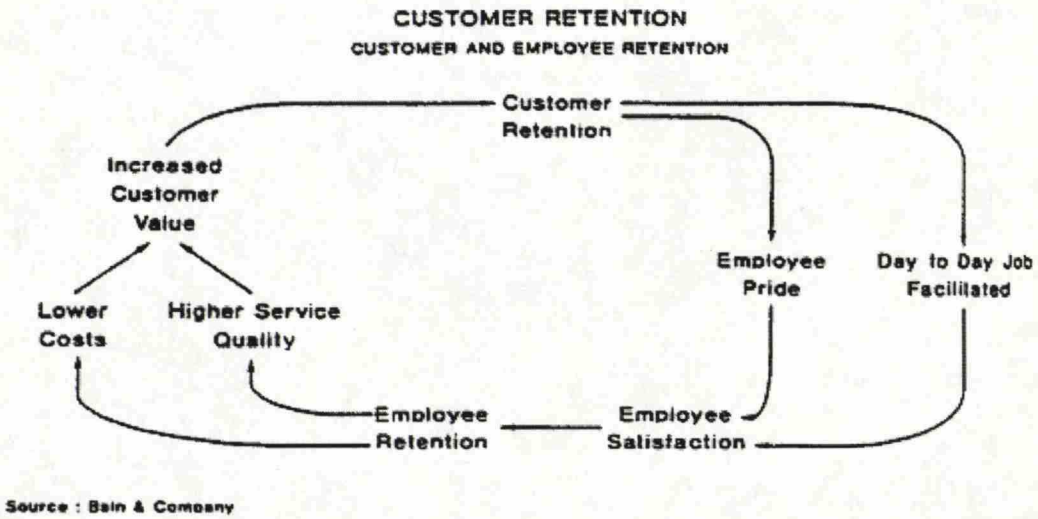


Figure 10 Links between customer and employee retention (Payne, 1995, 46)

The US department store chain Sears roebuck & Co., who uses sophisticated metrics for measuring employee attitude on customer satisfaction and revenue growth, found out that a 5.0 point increase in employee attitude produced a 1.3 point increase in customer impression, which in turn led to 0.5 % increase in revenue growth. (Rucci et al.1998)

Another study by Reichheld (1993) notes the importance of employees´ long-term relationship with the company. The longer employees stay in one company, the better they are in serving customers as they know more about the business and have the possibility to develop long-term fruitful relationships with the customers. Yet, he concludes that the company should first find the right kind of employees before enticing them to stay. Payne (1995, 61) also notes that when recruiting especially the front-line personnel, the interpersonal skills to communicate and create relationships with customers need to be stressed. Some evidence on this has been found. Crosby, Evans and Cowles (1990) found that

salesperson behaviour such as contact intensity, disclosure and co-operative intentions had a positive impact on the customer's level of satisfaction and trust (in Buttle, 1996, 11).

Thus, companies should also measure both employee satisfaction and employee retention as they could indicate possible defects in customer service. Yet, the problem here is that which comes first the customer satisfaction and retention or the employee satisfaction and retention. According to Payne (1995,47) employee satisfaction is a prerequisite to customer satisfaction.

Without going in detail into internal marketing, it has to be mentioned here that an organization wide service culture should touch these issues and create an atmosphere where customer service is a pleasure. Even though the customer is at the centre, the company should also give the employees the general guidelines and tools for customer service. A proper level of structured support enables the employees to give consistent customer service and minimizes the service failures (Christopher et al., 1991 136-138).

4.2 ENHANCING CUSTOMER RETENTION AND LOYALTY

Like mentioned in the beginning of the chapter the last section of the theory tries to introduce different ways to exploit the customer information to improve customer loyalty. The presentation starts by introducing segmentation, as it can be considered as a basis and almost a prerequisite to all other actions.

4.2.1 Segmentation

Segmentation means identifying groups of customers with different needs and serving those groups differently. Segmentation in turn makes differentiation and flexible pricing strategies possible (Clemons and Weber 1994). Thus, segmentation forms the basis for all other actions and is the root of CRM.

The advances in information technology and customer databases have increased the possibility of segmenting customers in various new ways. It is now possible to segment customers based on purchase frequency, volume, need, personality or even satisfaction among others. This gives the opportunity to target marketing actions more precisely and make more efficient use of the company's resources. The costs for handling customer information into a tiny fraction of what it used to be has made it possible, that even a single company or a customer can form an important segment, if profitable enough.

However, customer service strategies should not be developed only based on customer needs, the costs and benefits need also to be kept in mind (Payne and Frow 1999). Storbacka (2000) suggests that although different ways of segmenting customers exist, a key attribute is the distribution of profitability

in the customer base. The most important task is to concentrate on the most profitable customers by projecting future potential profitability (Payne and Frow 1999). Therefore, for the company success these groups need to be big enough to be cost-effective and profitable.

Anyhow, not all customers are profitable. If a customer is unprofitable, using new ways of serving the customer e.g. through Internet might decrease the cost level enough to make that customer profitable. On the other hand, if a customer that is currently not profitable has future potential, the relationship might be worth developing. Otherwise, the company should give up of highly unsatisfactory relationships. Curry and curry (2000, 7-12) has e.g. used revenue based customer pyramids in segmenting customers.

In addition to the profitability-based segmentation other methods can be found too. Working out *customer scenarios* is one of them. Customer scenario is the broad context in which customer does business. Customer scenario explains the customer needs and can be used to work out the marketing plans. The arrival of Internet has made this technique even more powerful than ever, as Internet is capable of delivering customized information and applications at a relatively low cost (Seybold, 2001). In addition, to be able to provide services through the Internet, customer scenarios could be used as a basis for customer segmentation especially in consumer business. The average amount of customers in each separate context or business scenario could be counted and segments formed. Further marketing tactics would be adjusted to each group.

Payne and Frow (1999) have developed a similar framework for segmented service strategy. First they suggest the market structure to be defined and then segment the customer base according to profitability. Only after forming these segments the service request for each segment is identified. Accordingly, a service strategy for each segment is defined and implemented.

4.2.2 Marketing Strategy and Improved Customer Service

After having done the basic segmentation in the customer base, more detailed programs and individualised service can be offered to each segment in order to enhance customer loyalty. All these efforts should be made in such a way that it improves customer service and care i.e. mutual benefit for both the company and the customer. The actions presented here are only part of the possible ways to use the customer information to better serve the customer. There are of course loads of other ways to improve customer service, but the alternatives mentioned below are often related to CRM in the literature.

4.2.2.1 Contact Channel Management

Traditionally companies have designed their systems along functional lines i.e. sales, accounting, etc., which has led to a fragmented profile of the customer (Daniele 1994). Every department has their own customer file or system without knowing what the other parts are doing. Very often customers are able to see this, whilst communicating with different parts of the company. It cannot be considered as good customer service, if the customer has told the service people of their problems and future needs and then the sales tries to sell something completely different. Therefore a single customer view must be created and that information should be accessible across all functional lines. (Wells & al. 1999)

One approach to start improving the situation is by creating a *contact channel strategy*. Generally a contact channel strategy means the channels a company has chosen to contact customer i.e. for sales and marketing purposes. Yet, a contact channel strategy should take into account also the integration of the channels customers want to use to the channels the company is willing to offer to them for use. Thus, a contact channel strategy should define which customer contact channels are used and how they are used for different customer segments enabling effective and efficient communication. (Shaw and Stone 1988, 192-193)

In addition, channel strategy must be integrated across all relevant interaction channels. Consistent customer data should be available in each channel. Channel strategy should also answer the question, how do my customers wish to contact my organization. Brown (2000, 162) suggests that after having a clear view of company's customer profile the best suited interaction channels should be chosen to each type of customer or segment as well to each type of customer interaction or transaction. Shaw and Stone (1988, 76) speak about customer enquiry management

A single or 360 degrees view of customer information requires that both contact channel strategy and information gathering is systematically handled throughout the company. One way of helping companies to further identify and analyse current and future customer information sources is called *customer blueprinting*.

According to Vavra (1992, 269) mapping customer contact points gives management a good picture of the current situation and also points out the opportunities for development. It is a method that identifies and measures all customer contact points. Customer contact points are mapped together with the identification of who the contact is and what is the objective of the contact. Then customer satisfaction is measured or guessed in each of these contact points. After evaluating all contact points a specified plan can be made to address any problem areas e.g. by giving employees more training or apply new software etc. (Vavra, 1992, 269-270)

A customer blueprint has three basic elements:

1. All main functions to make and distribute a product or to render a service must be identified with the responsible company unit or area specified.
2. Timing and sequencing relationships among the functions must be depicted.
3. Acceptable tolerances - the degree of variation from the standard service that can be tolerated without negatively affecting the customer's perception of quality- must be specified for each function. (Vavra, 1992, 97)

Customer blueprinting gives a process view of customer service. It shows the links in all company's actions towards customers. In addition, it presents opportunities to increase customer involvement. It also gives indication where the system is likely to fail. Furthermore, these points can be examined and attached individually, and corrective actions taken whether needed. Along with the process all customer contact persons in the company are identified and recorded. These people in turn should record all their interactions with the customer in a structured way. When the personnel and the processes are defined, those people should also be able to report any problems found and propose enhancements. (Vavra 1992, 97-99)

4.2.2.2 Customisation and New Product Development

The dialogue with the customer can be used in developing new products. The customer response i.e. needs, complaints and preferences can be collected and taken into account in either customizing the current offerings or in developing an entirely new product or service.

Customers can even be taken into the product or service design process, where the company can research customer needs in more detail and customize their offerings accordingly. If the customer is taken into the development process, he/she might feel more positive about the coming product or service i.e. accepts it easier and at the same time feel more positive about the relationship, thus customer loyalty is increased. (McKenna 1995) This is closely related to strategic bundling, which evolve the idea of user groups that could be used to further develop the company product and services.

In addition, deeper customer knowledge enables companies to customize products according to specific segment or even individual customer needs. Even before any customisations are made, the offering can be formed to stress the features or benefits that are important to that particular customer.

4.2.2.3 Direct Marketing

Customer loyalty can be enhanced, by tailoring marketing programs to suit the individual needs of each segment. Direct marketing can be used to deliver the customized product and service information to customers. As the needs of various segments differ a lot, direct marketing messages can be individually targeted. The personalised information should improve the customer service quality and thus, further enhance customer satisfaction and retention.

Pine et al. (1995) speak about combining mass customisation and one-to-one marketing. Mass customisation means producing a product or a service in response to a customer need in a cost-effective way. One-to-one marketing elicits a dialogue with the customer and uses the feedback to find the best products and services for that customer. In addition, to the individual direct marketing possibilities companies can use direct marketing in order to achieve cost efficiency. Those customers that are not profitable enough to be served by personal interaction can sometimes be targeted with customized direct marketing e.g. through Internet.

4.2.2.4 Strategic Bundling and Other Barriers for Churn

Strategic bundling includes notions such as *cross- and up-selling* as well as other means to attach the customer more tightly to the company. Bundling means that a group of associated products or services are bundled to the customer who in turn receives the benefit in the form of cost or time savings. Sometimes companies are able to entice customers to discover new previously non-existent needs and sell more to those customers. Research in financial services sector has showed that if a customer uses more than one of the company's services their retention rate is significantly higher than of those who use only one service (Payne, 1995, 62). Thus, bundling could be used as an option to increase retention rates.

Other means of creating barriers to churn could include for e.g. the use of EDI (Electronic data interchange) across company boundaries, which is often used in automated invoicing. Customers can also be given direct access to company systems like previous example of delivery tracking showed, where customers were able to follow parcel delivery. Another application would give access to the company order processing system. Customer access to the latest company product information through the Internet could be one solution.

Another bundling method, which is based on individual relationships, is called team based relationship management, where the company tries to build as many relationships as possible between the organisations' individuals in opposite of having only one contact, usually the account manager. Anyhow, care should be taken that there clearly exists benefits in this to the customer as well. (Payne 1995, 62-63)

Liljander and Stranvik (1995) propose ten different types of bonds that can be identified in the consumer market: legal, economic, technological, geographical, time, knowledge, social, cultural, ideological and psychological. According to them the first five bonds called conceptual bonds - legal, economic, technological, geographical and time bonds – constitute effective barriers for customer defect. Generally customers are unable to affect these bonds e.g. legislation and see them in a negative sense. The remaining five bonds called perceptual bonds that include: knowledge, social, cultural, ideological and psychological bonds, which are in turn difficult to measure and manage for a company. Yet, if the latter perceptual customer-value related bonds are known, they might be used to create very effective barriers for churn. (Liljander and Strandvik, 1995)

4.2.3 Anticipate Changes in the Market Place

A company level way to exploit the customer information and increase customer loyalty include the use of customer information in order to depict the possible future needs and changes in its own customer base and more wider in the market place. If a company has a substantial amount of relevant customer information, the company can use it to project future outcomes, to find out trends, search for new potential customers in the market place etc. Further, with this cumulative customer knowledge, the company can prepare itself to coming changes and change its strategy accordingly.

4.3 SUMMARY OF THE INFORMATION EXPLOITATION

Measures indicating customer loyalty were divided into quantitative and qualitative measures.

Quantitative measures	Qualitative measures
Revenue and profit measures	Customer satisfaction
Buying behaviour	Customer relationship quality
Customer retention	Employee satisfaction

The quantitative measures can usually be generated from the data existing already somewhere in the company databases. On the contrary, the information to generate the qualitative measures is based more on customer response that usually needs to be collected directly from customer. However, even the quantitative information is often not informative enough as such. It should be turned into advice on how to handle a customer relationship.

In general, it is more difficult to use the qualitative measures, as there is no single established way to measure e.g. customer satisfaction. In addition, qualitative measures usually require customer response to be collected. The information is not available in the company legacy system. *Therefore, it is presumed*

that quantitative measures are more used than qualitative ones. The current customer satisfaction measures try to capture customer expectations and product and/or service quality, which are not enough. The challenge is how to collect the important customer response more effectively and turn it into marketing success. Most likely qualitative measures if more developed would give more indication of the nature of the actual relationship.

CRM aims at increasing sales and revenue among existing loyal customers. This is done by using customer information in customizing products and/or services to customers according to customer needs. Thus, the information gathered need to be used to tailor the offerings for different segments. *Therefore, it is presumed that segmentation is the most important way of information usage.* After segmentation is done the other ways to improve customer loyalty can be used to treat each segment with specific measures. Such exploitation include

- Contact Channel Management
- Direct Marketing
- Customisation and New Product Development
- Strategic Bundling and Other Barriers for Churn
- Anticipate Future Changes in the Customer Base and Market Place in general

If the customer information is used in this way, it can be said that a company has engaged itself into CRM. The possible ways of usage will be tested in the empirical part of the study.

4.4 FRAMEWORK FOR THE STUDY

The theory part of the work presented the crucial role of customer databases in current and future customer relationship management. First the customer relationship management paradigm was introduced together with linkages to information technology and databases. Second the importance of collecting customer information, what should be collected and how the customer information can be categorized were discussed. In addition, the major contact channels both the new electronic channels and the more traditional channels were presented and the differences between them discussed. Last part of the theory concentrated on, how to benefit from the customer information. It introduced the existing relationship measures drawn from previous academic writings and how they can be used to further enhance customer loyalty and thus, revenue and profits. The following conclusions and framework (picture) for the study try to summarize the theory.

According to the CRM theory in addition to the basic customer contact information the following information should be collected and organized:

- *In addition to transaction related information relationship related information should be collected.*
- *Customer response e.g. needs and wants, suggestions, complaints and preferences should be collected.*
- *Information that enables segmentation should be collected.*
- *Each customer contact should be recorded.*
- *Each customer needs to form a single record in the customer database.*
- *Information collection should be structured and systematized in all customer contact points and formal procedures exist.*
- *The single customer view i.e. same customer information and intelligence should be available for everybody in direct customer contact in each channel.*
- *The information system should enable dialogue with the customer.*
- *Customers should be able to choose both contact channel and time.*
- *Customer information should be easily available for management as well.*

New electronic channels (Internet, e-mail, mobile devices, interactive TV) can be used to collect information either explicitly or implicitly. The implicit information gathering is a unique feature to all new electronic channels. Moreover, the information collection can be either IT assisted or automated requiring no human interaction. Thus, the electronic channels offer more ways to collect customer information. *Therefore, it could be presumed that more customer information is collected through the Internet than through the more traditional channels: telephone and personal contact.*

Customer information was categorized as follows:

- *Contact information*
- *Sociodemographic information*
- *Psychographic information*
- *Transaction information*
- *Customer product and services information*
- *Marketing information*
- *Customer response*

Customer response is considered the most valuable type of information the company can obtain. Customer response includes customer needs and wants, inquiries, complaints, preferences, suggestions etc - everything that is somehow related to the company its products or services. Internet as an

impersonal channel offers customers a place where customers can freely express their views without anybody putting pressure on them. Therefore, it is especially suitable for collecting any delicate information that would be more difficult to collect in a face-to-face situation. In addition, it is a cost-effective way to collect such information. Therefore, *it could be presumed that more valuable customer response is collected through the Internet than through the more traditional telephone and personal contact.*

Customer information is used to produce measures that try to indicate what kind of customers the company have are they profitable and loyal. The measures were divided into two main groups quantitative and qualitative. Quantitative measures include figures that are counted based on revenue, profit and buying behaviour. Perhaps, the most known CRM related quantitative measure is customer retention. Qualitative measures are based on customer response. This implies that the information needs to be collected separately and cannot be driven directly from the company legacy system. In addition, it is more difficult to use the qualitative measures, as there is no single established way to measure e.g. customer satisfaction. *Therefore, it is presumed that quantitative measures are more used than qualitative ones.*

CRM aims at increasing sales and revenue among existing loyal customers. The information gathered should be used to enhance customer loyalty and increase sales to existing customers by offering them better products and/or services and improved customer care. Thus, the information gathered need to be used to tailor the offerings for different segments. *Therefore, it is presumed that segmentation is the most important way of customer information usage.* After segmentation is done the other ways to improve customer loyalty can be used in each segment. Such exploitation include *Contact Channel Management, Direct Marketing, Customisation and New Product Development, Strategic Bundling and Other Barriers for Churn and Anticipate Future Changes in the Customer Base and Market Place in general.*

The following picture describes the framework of the study.

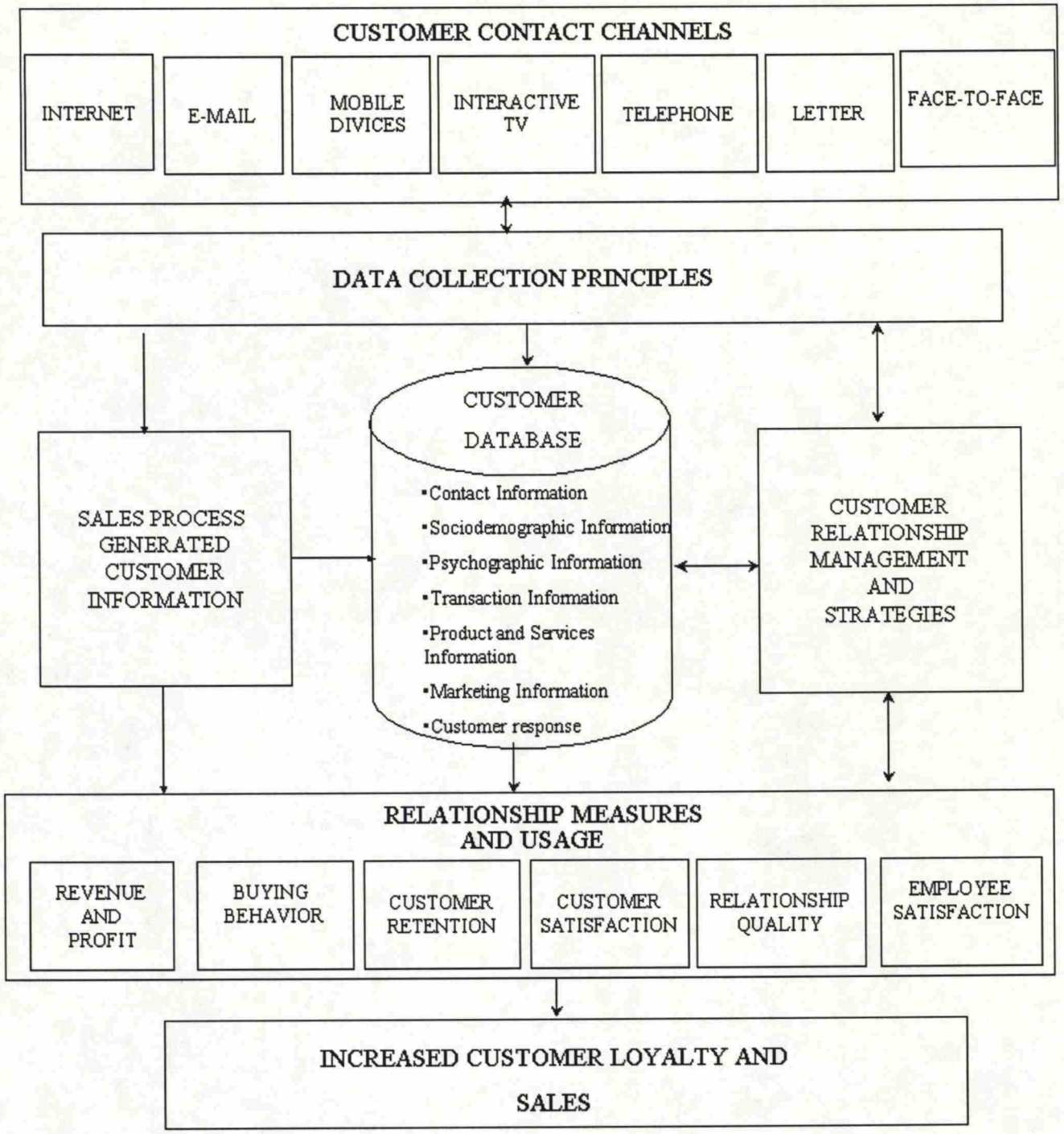


Figure 11 Framework for the Study

I will now look at how the theory is applied in the case company and how the findings either validate the theory or falsify it and how the findings can be understood. The study ends with a summary and conclusions that highlight the major findings and suggest future research directions.

5. METHODOLOGY

5.1 CASE STUDY METHODOLOGY AND CASE STUDY SELECTION

This study tries to find out what are the customer information needs of different sales channels, the differences between these channels and why they do if they do exist. Further, the study tries to explore, what information is collected through each channel and how each sales channel exploits the customer information that is currently available.

A case study method is recommended, when the research questions begin with "how" and "why"(Yin 1989, 17). Case study method is also favoured, when the research concentrates on contemporary events and the investigator has little or no control of the behaviours (Yin 1989, 19). Both of these assumptions are fulfilled in this study, as the research questions include both "how" and "why" questions and further this study also tries to examine the current situation in one company over which the investigator has very little control. In addition, the strength of the case study lies in its ability to use all kinds of evidence as source material e.g. documents, interviews and observations (Yin 1989, 20). All three methods mentioned were also used in this study. Thus, the case study method was chosen for this study.

The complexity of the research problem suggested a single-case approach. A single-case study is appropriate when it represents a critical case in testing a well-formulated theory, or it represents an extreme or unique case, or the investigator has an opportunity to observe or analyse a phenomenon previously inaccessible to scientific investigation (Yin 1989, 47-48). In this study the single-case approach was simply chosen due to the inaccessibility of such strategic business data from more than one company. Most likely no two companies would have given the same information to a single person, as the information is usually strictly confidential and should not be made available to any competitors. It was difficult to find even one company, who was willing to reveal such data. In addition, it would have taken too much time to prepare multiple cases. Furthermore, the chosen case can be considered as a critical case, which can be used to confirm, challenge or extend the theory propositions driven from the previous research in field.

Further this single-case research can be prepared by using holistic design or embedded units of analysis, the latter means that the study might involve more than one unit of analysis (Yin 1989, 50). This study uses the embedded case study design, which meant that the case study was divided into three different sales channels that were examined individually. The channel specific information was compared with

each other and finally brought together for analysis at the organization level. This information was completed with the information from other interviews and observation.

Like mentioned above, it turned out to be very difficult to find a suitable company for the case study. In general, cases and units of analysis are selected to a study, as they are of specific interest to the study purpose (Patton 1990, 53). A suitable case company should use multiple customer contact channels, the Internet composing one of them. What made it even more difficult was the previously mentioned reluctance to reveal this kind of strategic company information to an outsider. Finally and fortunately, my tutoring professor Tomi Dahlberg suggested that I could use Oy Radiolinja Ab a service operator where he is a member of the group executive board, as the case company.

Radiolinja as a young (founded in 1988) and innovative company with its multiple sales channels, especially Internet as an independent sales channel, together with its emphasis on customer service made it ideal for this sort of CRM related study. In addition, the worries of information leakage outside the company were of course reduced by the support from a person in the company executive board but also from the possibility to proclaim the study confidential for a certain period of time, in this case five years. Nearly all interviewees asked about the confidentiality of the information before they actually told anything.

5.2 DATA COLLECTION

There were two options for data collection that were both feasible with the resources available. These two options were either to use a questionnaire or to interview people. Case studies generally involve as their main research methods interviews, which are often open-ended in their nature (Yin 1989, 89). In a focused interview the interview can remain open-ended but a set of questions are derived from the case study protocol (Yin 1989, 89). Also, a focused interview is often used to develop new ideas, to reveal information either needs or attitudes or to develop new services (Hirsijärvi and Hurme 2000, 62).

Thus, a mixture of focused group interview with open-ended questions was chosen. A set of questions was created to help the interviewer to gather identical information from each interview as well as make the responses comparable. On the other hand, the open ends offered the interviewees more possibilities to express themselves and exchange opinions with each other. In addition, it gave the opportunity for the investigator to present extra questions to the interviewees and direct the conversation in case anything interesting came up.

Before the actual focus-group interviews took place, other very useful discussions and interviews were conducted. These interviews gave the necessary background information on how the company operates in general i.e. how the company functions are organised and what are the systems used. In addition, the interviews familiarized the interviewer with the vocabulary "jargon" used inside the company thus, making the actual group interviews more fruitful.

A very fruitful session was held with Matti Toppari, Business Area Director from Personal Communications unit. He presented the customer relationship management at the company level and responded and commented to the questionnaire used later in the actual group interviews. Together with my tutoring Professor Tomi Dahlberg, he also helped in finding the interviewees and suggested that the investigator could observe the daily work in their call center and in one of the retail outlets.

The interviewees were chosen to represent as much as possible all different functions of a sales channel. An invitation letter that explained the study and its purpose was sent to each person that was invited. Due to the quite short notice, unfortunately, not all people invited were able to participate in the interviews. However, in each interview at least three people were available presenting all different angles of that particular sales channel.

Moreover, the work performed in the Contact Center, a call center that offers customer service via telephone, was observed. This was done to capture the insight into the systems that are used in a customer service situation. The same purpose was in the interview with the Group Manager Mari Halli from Customer Information Management unit, who familiarized the investigator with the current CRM application Klaara 1, as well as related future plans. Unfortunately there was no time to familiarize with the work in retail outlets. However, the newly refreshed system IO could be viewed at the headquarters.

The actual group interviews took place in November 2002 at the company meeting facilities. The order of the interviews was random depending on the availability of the people invited. The three focused group interviews were done in each of the company's three major customer contact channels.

The first interview was held with the Contact Center personnel. The interviewees included Business Area Director Liisa Hakoinen, Service Designer Nina Ruuska and Sales Director Sari Nordblad. The second interview was held with the Internet sales channel: Radiolinja.fi. In Radiolinja.fi interview the participants included Samuli Volanen, Development Manager, who has just moved to work in business-to-business sector, but has several years of experience in working in consumer business in Radiolinja.fi development. The other interviewees were current Radiolinja.fi Project Manager Sakari Volanen,

Product Manager Velipekka Romppainen and Junior Product Manager Tero Saukkola. The third sales channel interview consisted of the retail channel. The company's three major distributors, whom are involved in consumer business, were interviewed. All three distributors are Radiolinja subsidiaries. The three interviewees one from each distributor, who were able to participate where Sami Kokkonen, Sales Director from Radiolinja Piste Oy, Kari Halt Shop Manager from Mäkitorppa Oy Arabia shop and Kim Sarro a Sales Clerk from Kamastore Oy.

After the three main group interviews were conducted a fourth group interview was also done in late November. This interview was made among "the analysers" who work in supporting functions in the back office i.e. they participate in converting the raw data into information to all sales channels. The interviewees are responsible for producing a lot of regular reports and more intelligent analytic CRM reports as well as they participate in developing CRM strategy for business-to-consumer in personal communications unit. The fourth interview was done to support the channel interviews in order to get another viewpoint and find out whether their views differ from those that work in direct customer contact.

In addition, in the three main interviews List Managers in Customer Relationship Management team in Personal Communications, Business Planning and Customer Information Management unit were often mentioned. Thus, a fourth group interview was made also in order to get a comprehensive and clear picture of how these units really work and how the customer information is further developed to service the different sales channels. There were three participants in this group interview; Senior List Manager Leila Ranta from Personal Communications, Team Leader Tapio Turunen from the Data Mining team in Business Planning unit and Team Leader Outi Sarekoski from Customer Relationship Concept team.

5.3 DATA ANALYSIS

According to Yin data analysis is one of the least developed and most difficult task in doing case studies. A lot depends on the investigator's competence in interpreting the evidence. The investigator should also use a general analytic strategy in analysing the data preferably by relying on the theoretical propositions that led to the study. The other alternative is to use a descriptive strategy. (Yin 1989, 105-107)

After all recorded group interviews were typed into transcripts, summaries that highlighted the actual responses to each set of questions were made. These summaries were sent to interviewees for verification and some minor corrections made. When beginning the analysis each of the summaries were used as basis, although some direct citations were taken from the transcripts themselves.

The empirical part starts with a short presentation of the overall findings of how the customer relationships are currently handled in different sales channels. The actual analysis is clearly divided into three different sections according to the theory. The first part tries to find out the information needs in each sales channel, which are compared to the findings from CRM literature. The second part handles, what is currently collected and how the collection is organized, which is based more on database management literature. The third part handles the exploitation of the information. Each section first presents the overall combined findings and only after that presents the noticeable differences between the channels. This was done to avoid the pitfall in embedded design to remain on the subunit level in the analysis and forget the overall company level (Yin 1989, 50). Further, the different sales channels cannot function as independent entities, thus the analysis need to be done on the company level.

5.4 RESEARCH VALIDITY AND RELIABILITY

The overall quality of research can be evaluated in terms of construct validity, external validity and reliability of the study (Yin 1989, 41). *Construct validity* refers to the quality of operational measures used for the concepts to be analysed (Yin 1989, 41). To increase construct validity in this study, multiple sources of data and multiple methods of data collection were used and retrieved data was verified between different sources. The sources included the group interviews as the most important means, other interviews and discussions, written company presentations and document related to the matter as well as annual report and information that is available on the Internet. In addition, the investigator observed the work in Contact Center; how the different systems are used, plus had the opportunity to see how the actual CRM software Klaara looked alike.

In addition, establishing a chain of evidence is mentioned as means to improve construct validity. The objective is to allow an external observer to follow the derivation of any evidence from the research question up to the case study conclusion and backwards. In this work this is covered by e.g. the citations from each group interview in the report. Any conclusions in the actual analysis can be traced as the set of questions used as well as transcripts of group interviews, which can be found in appendixes. In addition, the time and place of each interview can be found in references. Further, a summary of each group interview was prepared and these summaries were sent to interviewees for verification and some differences were settled. These summaries could be considered as draft case study reports reviewed by the interviewees, which should also increase the construct validity. (Yin 1989, 42, 102, 145)

External validity aims to identify whether a study's findings can be generalized beyond the immediate study in question. Especially single-case studies have been criticized that their findings cannot be generalized (Yin 1989, 43). However, in a case study method the concept of "analytical generalisation" is relevant opposite to "statistical generalization" based on samples. In analytical generalization the investigator tries to generalize a certain set of results to some broader theory (Yin 1989, 43). The results are compared to the hypotheses that stem from CRM and database literature and I believe that the results could be similar in many other companies, even if the area of business, organizational structure and IT systems differ considerably. Thus, the results might be generalizable.

Reliability is the last test for the quality of the study. Reliability control secures that another researcher following the same research path would end up with the same conclusion and findings (Yin 1989, 45). Reliability is achieved by documenting the procedures followed during the research process. Every case study should attempt to develop a formal, retrievable database, so that other investigators can review the evidence directly and not be limited to written reports (Yin 1989, 99). In this study this is done by explaining thoroughly in the previous data collection section, how interviews and discussions were conducted and other written material used. In addition, as the interviews were all recorded and the interview transcripts made by same investigator they constitute such a retrievable database.

However, the validity and reliability of qualitative data is affected to a large extension by the methodological skill, sensitivity and integrity of the researcher (Patton 1990, 11). Despite the complete set of open-ended questions all interviews did not follow the path rigorously. This was due to the willingness of the interviewees to express their views without the investigator making any questions. Thus, the information collected in each subunit is not entirely identical, which have possibly affected the reliability of the study. However, by letting the interviewees express themselves freely, the investigator was able to grasp the feelings and attitudes of the interviewees towards the matter discussed.

6. CASE RADIOLINJA

6.1 THE COMPANY - OY RADIOLINJA AB

Oy Radiolinja Ab was founded in 1988 as Finland's first mobile telephone service operator. The first mobile gsm telephone call ever was made in Radiolinja network in 1991. Since then Radiolinja has grown to a company that serves over one fifth of Finland's population and its subscription amount exceeds over one million. The group revenue amounted to 739 million euros in 2002 and the number of employees was approx. 1700. (Radiolinja Annual Report, 2002)

Radiolinja's main business areas include service operator business, mobile business and network services. Its vision is to be the leading facilitator of wireless communications in Finland, and a significant operator in selected foreign markets. The focus areas of international operations are Germany and Baltics. Also, the recent partnership with Vodafone broadens Radiolinja's international service offerings. Oy Radiolinja Ab belongs to the Elisa Communications Corporation Group that is listed in the Helsinki Stock Exchange. Elisa has grown from a local telecommunications company to an international group, which offers comprehensive telecommunications services and solutions to its customers. (Radiolinja Annual Report, 2002)

Radiolinja Group consists of business units and subsidiaries. Business units are divided into Personal Communications, Corporate Solutions, Contact Center Services, Mobile Portal Solutions, Content Services, Telematics, Technology Center and Service Center. Radiolinja subsidiaries include the retail sales chains Mäkitorppa Oy, Radiolinja Piste Oy, Radiolinja Solutions Oy and Kamastore Oy. As the study concentrates on business-to-consumer type of relationships, the customer contact channels studied were chosen accordingly. The three customer contact channels studied have direct customer contact and offer services to individual consumers. Those channels are Contact Center Services, Internet Services and from the retail sales chains Mäkitorppa Oy, Radiolinja Piste Oy and Kamastore Oy.

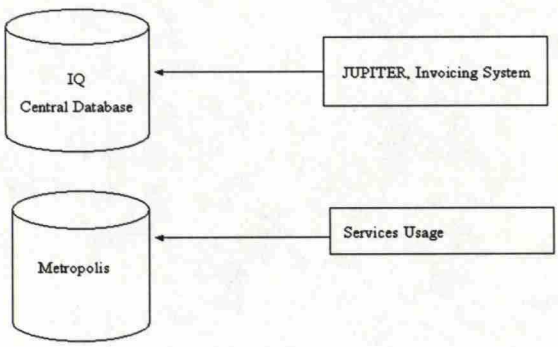
The oldest and perhaps the most traditional retail chain Mäkitorppa Oy, which has been fully owned subsidiary for few years now, is the largest one with its more than 60 outlets. Kamastore Oy with its 35 outlets was formed three years ago by merging several small entrepreneurs into one group. Kamastore mainly targets heavy users of cellular phones i.e. young people. Both Mäkitorppa and Kamastore have a large selection of phones and related accessories in their range as well. The third retail chain called Radiolinja Piste Oy is an integral part of Radiolinja, a retail chain with approx. 12 outlets, which

concentrates on serving and taking care of the existing Radiolinja customers. It has only a limited amount of phone and other devices to offer.

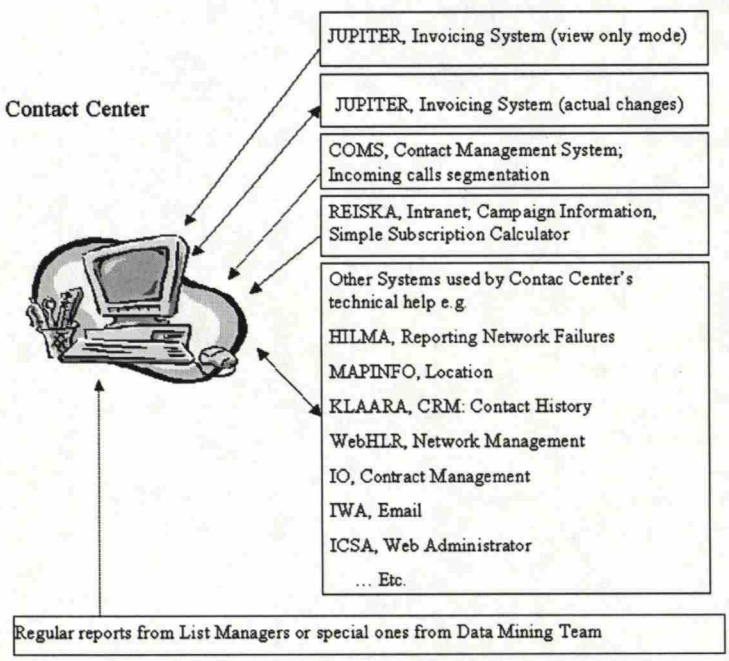
Regarding this study it has to be noted that Radiolinja is a customer-oriented service company, that takes the customer perspective into account in all of its operations. Listening to and serving the customer increase customer satisfaction and is an area of expertise for Radiolinja. Moreover, the success factors of Radiolinja stress the importance of existing customers to Radiolinja. Those factors include its own recognised Radiolinja brand, the existing customer base of over one million subscriptions in Finland, the best customer service and Radiolinja's own strong sales chain concept. (Radiolinja Annual Report, 2002)

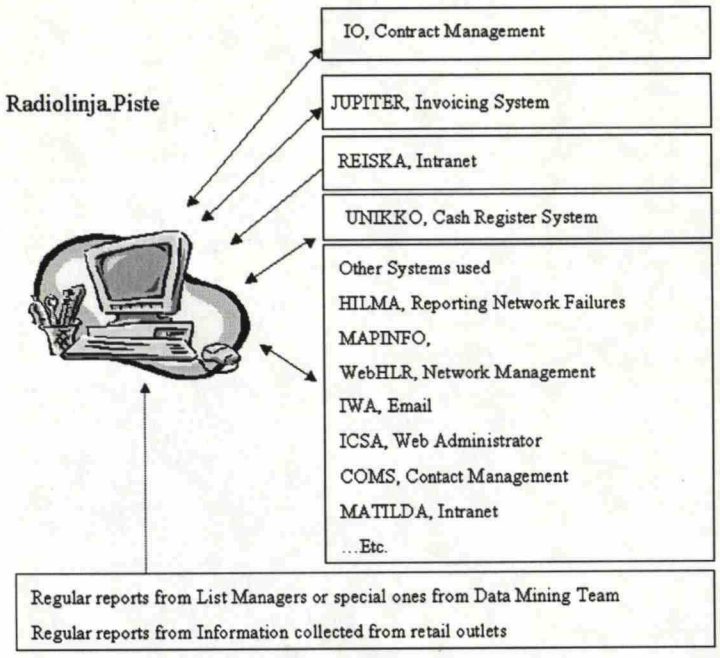
6.2 CUSTOMER INFORMATION SYSTEMS

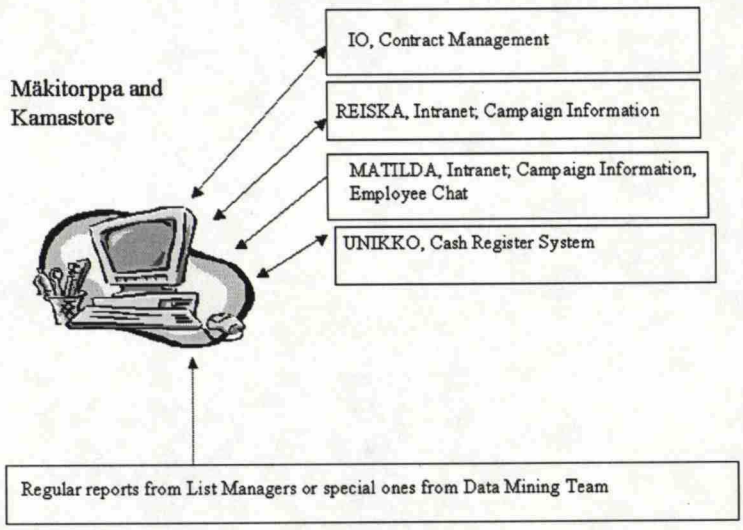
6.2.1 Customer Information Collection System

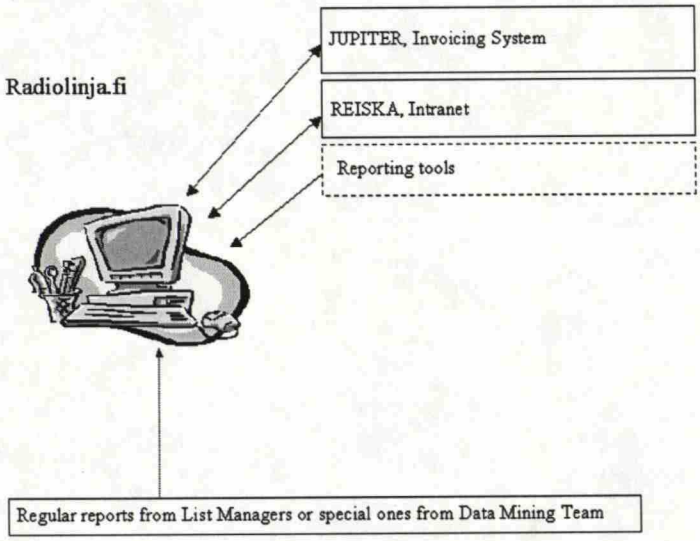


6.2.2 Applications Used in Each Sales Channel




Radiolinja.Piste
IO, Contract Management
JUPITER, Invoicing System
REISKA, Intranet
UNIKKO, Cash Register System
Other Systems used
HILMA, Reporting Network Failures
MAPINFO,
WebHLR, Network Management
IWA, Email
ICSA, Web Administrator
COMS, Contact Management
MATILDA, Intranet
...Etc.
Regular reports from List Managers or special ones from Data Mining Team
Regular reports from Information collected from retail outlets


Mäkitorppa and Kamastore
IO, Contract Management
REISKA, Intranet; Campaign Information
MATILDA, Intranet; Campaign Information, Employee Chat
UNIKKO, Cash Register System
Regular reports from List Managers or special ones from Data Mining Team


Radiolinja.fi
JUPITER, Invoicing System
REISKA, Intranet
Reporting tools
Regular reports from List Managers or special ones from Data Mining Team

6.3 EMPIRICAL FINDINGS

6.3.1 Customer Information Management

6.3.1.1 Importance

Each channel that was interviewed emphasized the importance of customer relationship management and customer information in their daily work. Further, in several interviews the efficient use of customer information was seen crucial to the company success especially in the future, when acquiring new customers becomes ever more difficult.

In other words, the interviewees stressed the importance of selling the right services to existing customers. The amount of customers on the market is limited, therefore we should concentrate on servicing the existing customers as good as we can by offering them the right kind of services from Radiolinja range, said one of the retail sales chains representatives.

6.3.1.2 Systems

The recent improvements made to the system IO, which originally is a web-based application for contract management in retail outlets, made a move to the right direction and deserved many thanks from the retail chains' personnel. The availability of individual customer information has made customer contact situations much more effective in all retail outlets. Contact Center personnel was hoping that Klaara 2 – the CRM application - would bring the analytic CRM features like suggested measures to avoid churn to everyone in the future.

Otherwise, current systems for customer information handling and usage did not receive many thanks. Jupiter, the billing system, was seen as a good invoicing system, though it is currently also inappropriately used for customer information management purposes. While the current systems do not support and guide the personnel enough in a direct customer contact situation, they keep the personnel alert and genuinely interested in the customer matter, said one interviewee from Contact Center. However, this cannot be considered as a cost-effective way to work.

An interesting fact that came up was the attitude towards the coming CRM software Klaara that varied among the different channels. Contact Center had the most positive attitude and was hoping that it would clearly resolve some issues in the future. The positive attitude might result from the experience Contact Center has, as their technical team has been test-using Klaara 1. Contact Center has also actively taken part into the system development whereas the other channels have not.

On the contrary, the sales chains attitudes towards Klaara were more negative. This is partly due to the delays in taking it into use and perhaps the unfulfilled expectations. Besides, the recent improvements in IO have made the sales chains quite satisfied to the status quo and therefore they might be more reluctant to anything new. Even the Internet team, that seemed quite neutral towards Klaara, was disappointed in the long delivery time.

On average, the interviewees were not interested in the system that shows the customer information needed, as long as the most important customer information would be easily available. The information does not need to be in one system. However, the same information should be available to everybody in direct customer contact through one user interface that would then guide the user further into the e.g. the invoicing system. Even though, the current system does not support the single view for the moment.

6.3.1.3 Development

From the three contact channels Contact Center actively participates in all customer relationship management development projects. They were also most familiar with the organization and aware of the ongoing projects. The three sales chains did not participate in any projects or at least the interviewees were not aware of such actions. Lack of resources and system development being a separate function, where given as reasons. In addition, the physical distance from the head quarters could also explain the situation.

The Internet channel (Radiolinja.fi) had participated in projects related to the Internet data, but not that much in company wide CRM projects. They requested more corporate communication about such projects. Perhaps, they see that the Internet data is considered too separate and distant from other units' customer information needs and left outside the corporate projects.

In general, all interviewees were eager to use more customer information both in direct customer contact and in planning and were hoping to see good tools to be able to increasingly exploit customer information. It has to be said that despite the critics everyone agreed that progress has been made during the past few years.

The actual findings are divided into three sections. First, the information needs in different sales channels are presented, which constitutes clearly the largest part of the work. Second, the current customer information collection is presented together with the outcome of what should be collected according to

the interviewees. The third part handles the customer information exploitation as it is today. Finally, a short summary is presented.

6.3.2 Customer Information Needs

According to the theory customer information that should be collected consist of both transaction and relationship information, customer response and information that enables segmentation. In addition, each customer contact should be recorded. The findings support the theory only partly. The importance of a customer contact history was emphasized in each interview. On the contrary, customer response especially customer needs and wants, suggestions or preferences were not a top priority. Perhaps, this was due to the already vast amount of untapped transaction and usage information.

6.3.2.1 Summary of the Needs

In each of the group interviews with the three direct customer contact channel the importance of customer information availability was stressed and its needs generated most of the discussion. Especially two major needs came up. The first one being the need for *customer contact history*, that does not exist at the moment, if the minor group of 20 people in the technical and representative phone support who are test using Klaara 1, the CRM software, are left out. The second referred to how the customer uses his/her subscription, which I call here *customer usage profile*.

Customer contact history should include all customer contacts no matter which channel is used. Contact history should also include why the customer called, what has been agreed with the customer, what are the next steps and when will the next customer contact take place, if that is known. Further, contact history should include contacts from the company side as well e.g. mail offers. Also customer complaints should be visible. The same customer contact history should be available to everybody having a direct contact with the customer. This would improve the customer contact situation by making it more efficient. In addition, customers would appreciate the sales person being aware of his/her situation, which would further strengthen customer loyalty and create a barrier for churn. The availability of contact history would also help in up- and cross selling.

The second need that also came up in all three channel-interviews is the need for *customer usage-profile* i.e. how an individual customer uses his/her subscription. The usage profile should include the incoming and outgoing phone traffic, customer's current services together with the invoicing information. Based on this information, the sales person could offer him/her the best-suited subscription as well as what extra services he/she could benefit from or discontinue the unnecessary services. The more intelligent

version would guide the sales person trough this and automatically provide e.g. the three best-suited alternatives for each customer.

As a summary from all the group interviews below is a list that should include all customer information needs that came up in the interviews. Part of this information is already available through current information systems.

1. *Customer basic information*: phone number (which serves as the identifier), name and address.
2. *Customer contact history*: each contact recorded in every channel e.g. three last contacts together with their outcomes could be visible. Next contact date and measures to be taken if necessary, should be available.
3. *Product and services information*, that would include what subscription, services and possibly other products the customer has bought from Radiolinja.
4. *Customer campaign information*: the current marketing campaigns customer is exposed to and possibly some historic information as well.
5. *Customer profitability*: *Average monthly invoice*, *invoicing trend*, which shows whether the customer invoice is growing or diminishing over a certain period of time and *customer rating* based on invoicing.
6. *Customer response*: that would include customer complaints, suggestions, opinions and other customer viewpoints that he/she has presented.
7. *Profile information* including such indicators like *segment information*, which is a combination of the type of phone usage and the amount of invoice. Another indicator would be *customer age* i.e. how long the customer has been a Radiolinja customer. C*ustomer roles* would also belong to this category. At a later stage the collection of *hobbies* and *values* might be added.
8. *Services usage*. This would include how the customer uses the phone and the services he/she bought. In addition, it would guide the sales person to either help the customer to take a service he/she has bought into active use i.e. tutoring the customer or to suspend an unnecessary service i.e. down-sell or the most important suggest an extra service that would be beneficial to the customer according to the usage i.e. up-sell.
9. *Phone traffic*. The amount and phone numbers (i.e. operators used) for both incoming and outgoing phone traffic.
10. *Internet usage*. This would include what services the customer uses from the Internet added with the information on how often and how long he/she uses them. All implicitly gathered information would belong to this category. However, this could be part of services usage as well.

11. *Channel usage*. This would indicate the share of each channel of the total customer channel usage. It would show the customer preferred-channel and further possibly help the sales person to guide the customer to use a proper channel. Channel usage could also be combined with service usage to get even more detailed information of what services the customer uses through which channels.
12. *Churn-risk*, which tells how likely a customer, will defect. The figure can be calculated based on invoicing, services usage and phone traffic.
13. *Best-suited subscription*. According to usage the system would recommend the subscription that suits best for that customer.

A customer information categorization was presented in the theory part. However, the needs that came up in the interview do not support the division made. A clear customer contact history category is missing. In addition, the transaction information category is too broad and the notion used too vague. Further, there is no actual category for usage-based information unless it belongs to product and services information. Thus, I revised the categorization to include the following categories:

- *Basic customer contact information*
- *Profile information*, that would include all psycho- and sociodemographic information, as well as other segmentation related information
- *Customer profitability* instead of the transaction information
- *Marketing information*
- *Customer product and services information*
- *Customer product and services usage*
- *Customer contact history*
- *Customer response*

Whether this division takes into account all different types of information needed, should be tested.

6.3.2.2 More Refined Information

Especially, the two groups the Contact Center team and the Sales Chains team stressed the importance of more refined information that would leave them more time to listen and serve the customer properly. An interesting list of such more refined information that would help the persons in direct customer contact came up with discussions with the information-producers interview. The list that actually includes most of the separately mentioned information needs that came up in one way or the other in the other three

interviews. These are all parameters that could be produced by analytic CRM from the information that is currently collected.

1. *Up-selling possibilities*. The system would present e.g. three service offerings from Radiolinja's range that would best suit the customer.
2. *Recommending best subscription*. The system would offer the best-suited subscription for each customer based on the current subscription usage.
3. *Handling customer discontent*. The recent upgrade of IO now makes it possible for retail outlet personnel to offer some bonuses to avoid churn. This feature could be further extended to handle minor customer discontent and remunerate for customer loyalty.
4. *Customer service usage and its counselling*. The clerk could help in introducing services that customer has bought but not taken into active use.

Based on the interviews, customer information needs can be divided into either operational or analytic data needs. The operational data covers the basic customer information as well as all transaction data most of which should already be available in the company's different systems and only be directed to the ideal user interface. However, to turn it into really valuable information most of the operational data needs further analysis. Such as the phone traffic data, which is not necessarily very informative unless further analysed. It could be very difficult for a sales person with a short glance over the phone traffic figures to analyse what kind of a person is calling and what should be offered to him/her. Instead, those figures could be very useful in calculating e.g. best-suited subscription and churn risk

Thus, the information would be more valuable if directly transferred into more analytic data that would really improve the hectic direct customer contact situation by supporting and guiding the sales personnel. The only operational information that needs to be collected and currently is not, is the contact history. *The clear division between operational and analytic data needs was not taken into account in the theory in any way.*

6.3.2.3 Channel Specific Needs

Like presumed in the theory the Internet as a new self-service channel differed from the more traditional channels. The interviewees from Radiolinja.fi Internet channel said immediately that their needs most likely differ from that of other customer touch points in the organization. The Internet people would like to see *who are visiting the web pages combined with the customer information available, when and what services are used through the Internet, and when and how they are used as well as what other channels the customer uses and how.* This represents information that can be collected implicitly without the

customer knowing anything, which is not possible through the more traditional channels. *Thus, Internet channel needs and produces more customer information than the more traditional channels, which validates the hypotheses presented.*

The Internet-team also stressed more than the other channels the importance of combining information from different channels in order to get a coherent picture of the customer and be able to customize the offer and services accordingly. Currently, they do get reports by channel, but not combined by individual customer or customer segment information nor is any cross-channel information available. Further, they need to be able to combine the implicit customer information with e.g. segment information. Otherwise, implicitly collected information remain quite useless, if it cannot be combined with other customer information.

The needs were also affected by the nature of the customer contact situation. Requests such as the Internet or channel usage (points 10 and 11 in the previous needs list) were both generated from the Radiolinja.fi interview. This information might be difficult to exploit in a direct customer contact. They are more of use in strategic planning and could be run as reports. Clearly the needs of the Internet channel were more directed towards a web-based reporting tool, which would enable them to run queries from the vast amount of transaction information that is available from both the Internet and other sources.

Thus, the other main reason for the differing needs stem from the fact that for the time being *there is no real-time direct customer contact i.e. dialogue with the customer in the Internet*, which would require instant customer information availability per subscription. *Enabling a dialogue was one of the requirements from the theory part.* The lack of dialogue explains the more holistic view, as the information can be analysed later by running a report. However, in the future individual customer information requirements in the Internet will increase when the registered customers need to service themselves real-time online. Perhaps, in order to find out the Internet channel information needs, customers that are using the self services should have been interviewed

6.3.3 Customer Information Collection

Like mentioned earlier, according to the theory customer information that should be collected in addition to transaction information consist of customer relationship information, customer response and information that enables segmentation. In addition, each customer contact should be recorded. Currently, the company is not collecting such information nor is there a structured or systematized way to collect

such information. Even the current transaction related information is not available to all employees in direct customer contact, which was one of the theory propositions as well.

6.3.3.1 Current Situation

Each sales channel responded that they do not collect any customer information, as they did not consider the subscription contract as a way to collect information due to its mandatory nature. Anyhow, most of the customer basic information is collected through the subscription contract when a prospect actually becomes a customer. No matter which channel is used for entering the new customer into the system the same subscription contract information is collected. This information is typed into the invoicing system Jupiter either directly or through IO. After the subscription contract customer information collected is mainly usage-based information for invoicing purposes. It seems that nothing else from a direct customer contact situation is written down into a company wide system.

However, there are some differences amongst the channels. Customer information collection in Contact Center is limited to the updates of the existing customer information during a phone call. Contact Center would like to note the customer requests for a call somewhere, but that is currently impossible. The current situation has led to emails where people request that who has discussed and what with this kind of customer few days ago. Contact Center would also be willing to collect more customer information in the future, if the process would be well planned and organized and the information received also exploited. This possibility should be further developed with the divisions owning the customers.

As mentioned in the theory, sales people, those who meet customers face-to-face are usually considered a good source of customer information. Yet, the information often stays in their heads and is not available in any other channel. The findings here support the theory as well. The information that the sales personnel obtain in retail outlets mainly stayed in their heads, as there is no structured way to collect it. However, some efforts were ongoing in Radiolinja Piste sales chain to manually collect this information. In each outlet the number of customer visits as well as the reason for each visit are recorded in a simple excel file. This information is collected weekly and brought together in head quarters for further analysis and usage in planning.

Internet is generally considered as an ideal place to collect a lot of customer information. Internet based companies have been accused for collecting loads of customer information, but not to use it. This is supported e.g. by a previous study were three sc. Dotcom-companies were examined, it was found that they collect a lot of customer information, but did not exploit it further in the business or this was done very rarely (Teemu Neiglick, 2000). *Therefore, it could also be presumed that more customer*

information would be collected through the Internet than the other sales channels. In addition, the theory argued that the Internet would also be suitable to collect the more valuable customer information like customer response and that more of the valuable information would be colleted through the Internet than through other channels. The findings support the theory only partly.

The interviewees from the Internet division all agreed that a lot of valuable customer information especially customer response could be collected through the Internet. Currently, the amount of visitors on the site is collected and of course the amount of subscriptions sold through the Internet. But actually no detailed usage information is collected. Some customer feedback is received through email and short opinion polls have been launched through the net. Thus, it can be stated that no actual regular collection of customer information is done in the web-environment even if some implicit customer information is gathered. This is partly because there are no tools to exploit even the currently available customer information. Hence, there is no need to collect even more customer information if it cannot be used.

The contradictory results to theory here might originate from a traditional company differing from an entirely Internet based company, as it has already installed channels and ways to collect the customer information before the Internet came along. Therefore, the information collection in the Internet has been given little attention and is less important. Moreover, a traditional company's IT infrastructure and systems might need considerable changes in order to be used to collect and analyse the Internet data. On the contrary, for an Internet based company, it is the only way to collect information and therefore crucial.

In addition, the interviewees doubted whether the possibilities and importance of the Internet data has fully been understood throughout the company. This might be somewhat true, as perhaps up to date the Internet has been considered a less important channel; an add-on information source. Like discussed in the Internet channel interview, the information collected through the Internet would be more informative, if it could be integrated into segment information and other channel usage information. However, the importance of such information will increase in the future together with the plans to move existing services into the Internet for self-service use.

6.3.3.2 Collection Requests

If currently only the subscription contract information and transaction information for invoicing purposes are collected, what should be collected according to the interviewees. First, the immediate comment was, that no extra information should be collected before the current information is properly exploited.

Second, the respondents were unanimous that *in each direct customer contact the subject discussed and the outcome of those discussions should be collected.* At the same time, it would also be nice to note the next contact time and the contact method for each customer if a matter remains open. The earlier mentioned possibility to put somewhere a request to return a call could also be mentioned here. These requests reflect clearly the need for customer contact history.

Other minor requests included a general permission to contact the customer by SMS and/or email could be collected and typed into the system, maybe even MMS could be added, which would enable the company to send pictures in the future. Currently, only the permission to contact by SMS is asked in the subscription contract. This information might also be missing from the relatively old customers, when this service possibility did not exist at all.

The interviewees from Contact Center as well as the information producers in the fourth interview brought up the issue of updating the existing customer information. Especially the user information should be updated to avoid unnecessary marketing efforts to people who already are using a Radiolinja subscription. Currently, there are three possible roles in the system: the owner of the subscription, the user of the subscription and the payer i.e. the person who pays the invoice. The user information is missing from approx. 30% of the old subscriptions, as nobody could presume in the beginning of the mobile era that the owner of the subscription could differ from the user and one person could be in charge of several subscriptions, thus, the information was left uncollected. Here the Internet could offer a way to get the information up to date. Like one person from Radiolinja.fi pointed out that a customer using the self-service possibility and updating his/her personal customer data i.e. subscription through the Internet, would be customer information collection at its best.

The Internet team would like to see the sequence of customer movements on the web combined with the possible service usage, even if that service is free of charge like e.g. ms-photo album. In addition, a lot of other data could be collected as well like customer opinions and thoughts. If that data would be combined with the usage data of different services and data from other channels it could be used to customize the service offerings and serve the customer better. *Even today, valuable feedback is received by email through the Internet. This further supports the idea that more in-depth data i.e. customer response can be collected through the Internet*, as it is a place where customers can express themselves freely without any pressure (see e.g. Rohner 1998, Vavra 1992).

6.3.4 Customer Information Exploitation

The theory claimed that the quantitative measures would be more used in customer information exploitation than the qualitative ones. In addition, segmentation is regarded as the most important way customer information can be exploited. The findings here validate the propositions. Only quantitative measures came up in the interviews. Further segmentation was considered to form the basis for all other customer information exploitation.

6.3.4.1 Current Exploitation

Each channel tries to service each individual customer best possible way they can with the current systems and customer information available. In Contact Center this means that depending on the call and resources available, they try to bring the customer services up to date i.e. check with the customer that he/she has the right subscription and services. Contact center even uses customer segmentation in their daily work. Sales Chains have only recently been given the possibility to use individual customer information in a face- to- face customer contact. Already now the information exploitation has clearly increased sales, said one sales channels representative. For the time being the Internet channel has no direct dialogue with the customer and thus, do not exploit the information in a direct customer contact situation.

Like mentioned in the information collection section, Radiolinja Piste collects weekly customer information from their retail outlets and further uses this information in planning. This way they get valuable information from their customer contacts. The two other chains use the normal business reports as information basis in strategic planning. They are analysed and focus areas decided accordingly. If normal revenue based reports are excluded, Radiolinja Piste is the only unit that tries to use customer contact history in their planning. Thus, it can be said that finally very little customer information is exploited in the short term planning.

Contact Center uses mainly the statistics of the telephone calls as basis for their operations planning. As Contact Center does not own the individual customers, it is the Personal Communications division who plans what e.g. campaigns are launched. However, Contact Center can give ideas and use the customer information based either on the above-mentioned statistics or manual follow-up of reasons why customers call. In addition the ideas might stem from the insight an employee might have received whilst discussing with numerous customers or even and idea originated from the customer side.

Employee observations and customer feedback can give valuable ideas for new campaigns as well as new services and products. Even though, the Internet team pointed out that it is often difficult for customers to imagine the future services and thus their future needs. Several interviewees also criticized that far too little of customer information is tapped for business use even in the long term planning e.g. critical moments in the customer life cycle should be taken into account. One critical moment that was mentioned is when young people become major and they have the right to choose the operator by themselves. At that point they very easily change the operator, which increases the risk for churn.

CRM literature emphasizes customer retention and the opposite figure churn as important measures for customer loyalty. In telecommunications business customer churn is the far most known measure together with the average net sales per subscription. These are now available to all retail sales chains through IO. Otherwise, only few CRM related figures were requested like the above-mentioned average billing, and customer age. Nobody requested any qualitative measures e.g. customer satisfaction. Maybe they are considered to be non-informative and thus, unusable.

Today, due to the limited availability of customer information, information exploitation is clearly more focused on periodic strategic business planning. However, one interviewee from Radiolinja.fi raised the question that is the customer really able to benefit from the current customer information usage. He was quite sceptical whether segment based customer information is really used in planning. At least their team is not able to combine customer information from the Internet in such a way. None of the campaigns they have launched through the Internet have been directly targeted to a certain segment.

6.3.4.2 Systems

The theory claims that a single customer view i.e. the same customer information should be available to all employees, who are in a direct customer contact. The current systems do not support the theory. Therefore, a lot of the criticism was pointed at the amount of different systems and views that are needed to be able to handle one customer contact. Customer information is currently dispersed in numerous different systems, which makes its usage in a direct customer contact a challenging task, as it is very time consuming and it requires an experienced employee to perform such work. The pieces of information need to be collected from several systems and combined by the sales person at the same time while he/she is serving the customer. Even if Radiolinja Piste has all possible applications available unlike the other two sales chains Mäkitorppa and Kamastore they are still unable to decide what would be the best offer to that particular customer. Like one interviewee said the CRM system should support the sales person in his/her work, currently the sales person is supporting 14 different systems.

The amount of the systems available is approx. the same in the Contact Center. However, most of the systems are supportive and do not contain actual customer information like e.g. Hilma, a system used to report network failures. Thus, the main sources for customer information in Contact Center are Jupiter, the invoicing system, Coms contact management system for incoming phone calls and Intranet called Reiska for campaign information which is needed also for a simple calculator that can be used to find out the best possible subscription to the customer from Radiolinja range. Usually there are two sessions of Jupiter open, one "view only" to enable fast queries and the other one to make the actual changes. Respectively for sales chains the main sources are IO presenting the individual customer information, both Intranet Matilda and Intranet Reiska for campaign information and cash register system Unikko, for credit customers and phone maintenance. The Internet team runs simple reports, but receives also a lot of information in the form of reports from either the List Managers or Data Mining Team.

Despite the critics towards the current customer information systems, the invoicing system Jupiter's role in customer information collection was seen crucial. Moreover, the web-based IO available for sales chains was praised. One interviewee, who represented one retail channel said, that IO presents the first move towards the usage of artificial intelligence in customer contact, which he claimed. After the system improvements, a sales person in a retail outlet is now able to see the basic customer information per subscription. In addition, the system proposes measures to prohibit customer churn and shows also average monthly billing figures. Already these improvements have made the customer contact situation more efficient especially in the case of an existing customer and it has also increased sales. At the same time, it has increased sales chains employees' sense of belonging to Radiolinja, as the same customer information that has been available for other channels is now available for them as well. This should further positively affect employee satisfaction, which is said to affect also customer retention (e.g. Payne 1995, 46-47).

A true customer information management system was requested. A dedicated CRM system and a user-friendly interface together with more analysed information would shorten the amount of time needed to service one customer and, therefore fewer employees would be needed to service the same amount of customers. It would also considerably help the sales person to sell the right products and services to right customers. At the same time it would also save the company the amount of time it takes to train the employees to use complex systems and reduce the amount of human errors. Further, even the customer should be satisfied with the more prompt and competent service.

6.3.4.3 Organization

In addition to the lack of a true CRM system, the organization itself creates barriers for better information usage. First, the distribution of work between List Managers team in Personal Communications division and the Data Mining team in Business Planning function, both of which currently produce the most important customer information reports, is not clear. Moreover, these functions are seen too separate from the business and thus, they do not communicate with and serve the business efficiently. The current situation might be affected partly by the lack of knowledge of what is available and what could be produced and partly by the lack of resources to prepare such requests. Moreover, the role of Customer Information Management function, where the systems are developed, was not clear either.

Second, due to the independent nature of all units there is not enough cooperation across the different business units that would enhance the information flow. This might be further affected by the lack of tools and systems to share the information better. Like mentioned in the beginning all channels were unanimous that more corporate communication especially of corporate projects is needed. This could also improve cross-channel cooperation that was seen insufficient.

As the cross-channel cooperation and information exchange is missing, a customer is seldom redirected to another channel unless the service or product requested is only available in that particular channel. Some efforts to direct customers into certain channels have been made, but they are solely based on cost-effectiveness. Cross-channel cooperation could be also used to decide the service offerings in each channel e.g. which service should be available as a self-service in the Internet. Currently, customer chooses the contact channel and each channel tries to maximize the quality of its customer service, said one person in the Radiolinja.fi interview. *This supports the theorem that the customer should be able to choose the contact channel and time, even if the time range is somewhat limited in the other two sales channels.*

Each channel would also like to use more segment-based information in their planning. The segments still exist only for marketing purposes, said one Contact Channel representative. Especially Contact Center who does not own the end customer and only executes the measures that Personal Communications have planned, would like to see more cooperation in planning. An interviewee from Contact Center pointed out that somebody should be responsible for the whole process for each customer segment. A segment strategy that would cover all customer contact points i.e. how the customer is taken

care of in each channel is needed. Today, each unit tries to maximize its own customer service, but a holistic customer view and a strategy across all channels is missing.

6.4 SUMMARY OF THE RESULTS AND DISCUSSION

Customer relationship management is a prerequisite for success in the future. It becomes more important to keep the existing customers than acquire new ones as the market gradually saturates. In general, everybody agreed that customer information management is an important issue and that each channel tries to use customer information as much as they can with the available resources.

Customer information needs were clearly divided into two distinct groups. First, the need for customer contact history was evident. Contact history would improve customer service quality and decrease the amount of time needed per customer. Contact history should include each contact with the customer no matter what media is used e.g. a mail offer or a simple phone inquiry were mentioned as part of the contact history. The reason and the outcome of each particular contact as well as possible future contact should be written down.

The request for contact history reflects the views in CRM literature (e.g. Vavra 1992, Brown 2000). Even, if the literature clearly stated that contact history is necessary, it was not taken into account as a separate customer information category. It was presumed that contact history belongs to several categories. At least transaction information, marketing information and customer response all include parts of contact history. However, it seems that there should be a separate category that would hold the sequence of contacts.

Another equally clear need was the need for something, what I call customer usage profile. By this I mean all information related to how the customer uses his/her subscription. The information includes incoming and outgoing phone traffic, customer's current services, invoicing information and segment information that is probably determined by the previous information. However, this information might not be that informative unless further developed. The often hectic, direct customer contact requires clearly more analysed information. Thus, the information could be offered in more developed form like e.g. suggestion for best-suited subscription. This study introduced only few of the possible analytic functions that could be useful in a direct customer contact.

I think that this study revealed that the so-called profile information like psycho- or sociodemographic is far less important than what I call activity-based information, if activity-based information only gets

analysed and does not remain somewhere in the company databases. Further, the customer information categorisation did not take usage-based information needs into account.

Therefore, I have tried to create a revised categorisation, which would include the following information categories:

- Basic customer contact information
- Profile information, that would include all psycho- and sociodemographic information, as other segmentation related information
- Customer profitability instead of the transaction information
- Marketing information
- Customer product and services information
- Customer product and services usage
- Customer contact history
- Customer response

Whether this division takes into account all information needed, should be tested. Some of the categories should perhaps be further divided to operational and analytical data.

Despite the minor channel specific needs the customer information needs in different sales channels were surprisingly similar. Only the needs of the Internet division differed somewhat of the other channels' needs. Those needs are affected by the dual nature of the Internet. First, the possibility to collect implicit customer information i.e. to observe customer movements in the Internet increases the amount of information to be collected. In addition, the suitability of the Internet, to gather customer response in an easy structured and cost-efficient way, further increases the amount of information that could be collected. These findings support the theory.

Second, the customer contact situation is either a direct contact or an indirect one, which affects the information needs. Even if the channels that were taken into the study were suppose to present direct customer contact, the Internet channel cannot be considered as such for the time being. Therefore, it was not taken into account. Like mentioned earlier there is no direct dialogue with the customer yet, which was also noticeable in the information needs. Thus, the Internet channel information needs are not time sensitive. These differences are reflected in the more complex reporting needs of the Internet division. When the Internet services are developed into real-time services, most likely the needs will also move closer to other channels' needs.

Customer information collection did not reflect the theory. It could be said that no relationship related, information, customer response, information enabling segmentation was collected nor customer contact history. Currently, customer basic information is collected through the subscription contract. The only other information that was collected consisted of transaction-based information gathered for invoicing purposes. Furthermore, nobody in the interviews was keen to increase the amount of information collected, before the existing information is properly exploited - the only exception being the contact history.

Thus, it seems that the problem the so-called dotcom-companies faced by collecting large amounts of customer information without using it, is not valid in a more traditional company. However, it was mentioned that even today customer response have been received through the Internet and in the future the Internet might develop in such a way, that it will replace to a larger extent the more traditional channels in information gathering. This could prove to be valuable source for relationship information in the future and even provide a competitive edge.

The current systems for customer information handling do not support the usage. There are far too many systems where the information is dispersed and the information is not further analysed. Nor is the same information available to everybody working closely with the customer. Current situation would clearly improve with a separate CRM application that would gather the customer contact information in each customer contact point to build up the contact history and especially the information would be shared throughout the company, as was requested in the theory.

Each channel was eager to exploit customer information to a larger extent than they do now. Depending somewhat on the channel, currently the customer information availability in a direct customer contact is mainly limited to customer basics and some transaction based invoicing information. Thus, more quantitative information was exploited than qualitative. Radiolinja Piste was the only channel member that collects manually the customer contact information and also uses it for planning. Otherwise, the current customer information exploitation concentrates on business planning and the use of business reports available from the List Managers or Data Mining team.

The division of work between the above-mentioned two teams was seen somewhat unclear. Other organizational hindrances for better information exploitation included the amount of corporate communication and cooperation between the independent business units, both of which were seen inadequate. The situation could improve if a same CRM system would be used across the company and the single view available. The information exploitation might benefit from a segment strategy that would

be followed in each channel by a segment manager, who would be responsible for the execution and coordination of other measures with channel managers. However, segmentation is the basis for other exploitation. Thus, the findings support the theory.

Even if the systems are far from perfect everybody agreed that progress has been made during the past few years. Especially the latest improvements made to the system IO were praised, as it brought the individual customer information to the retail outlets. In addition, the feature that suggests measures to avoid churn, is the first move towards the use of artificial intelligence or further developed information in a direct customer contact. Moreover, it seems that the availability of customer information has already generated some extra revenue or at least created satisfied employees and customers in retail shops.

7. CONCLUSIONS

7.1 MAJOR FINDINGS

The purpose of the study was to examine, how customer information needs differ between various sales channels. How the Internet as a new sales channel differs from more traditional sales channels like retail channel and telephone sales channel? Are the information needs different? Are there any differences in customer information collection and usage between different sales channels? An interesting question was also, how the Internet as a new medium affects the collection and use of the customer data? Will other customer information collection channels loose their importance?

First the writer familiarized herself with current CRM and database-marketing literature to find out what is written about customer information needs, information collection and further exploitation. The theory part is divided into three main chapters. The first chapter presents the CRM theory, compares it to database marketing theory and summarizes customer information needs. The second chapter presents the different sales channels and tries to categorize customer information according to the literature. The last theory chapter introduces customer relationship measures and other possible ways to exploit customer information. After the literature review a framework for the study is presented.

The empirical part of the study was carried out at Oy Radiolinja Ab, a Finnish mobile phone service operator, that is part of Elisa Communications Corporation Group, which offers a wide range of telecommunications services and solutions in Finland and abroad. The study was conducted by a case study method by looking at the customer information needs in various sales channels. A single case study method was chosen to be the most appropriate to examine such a contemporary issue, when the information is also company confidential. The sales channels used in this study included a traditional retail chain, a more recent call center and as the latest channel an Internet technology based self-service channel. The actual data collection was performed in group-interviews with each of the three channels. In addition, an extra group-interview with the people who work with analytical CRM and strategy was conducted to complement the information received and to gain a more in-depth understanding of how the company works.

The study find out that customer information needs reflect quite well those that were found in CRM theory. Two clear different sets of customer information needs came up. The first one that was seen as the most important request included customer contact history, where all customer contacts would be in chronological order. Customer contacts would be more efficient, if customer history would be available.

It would improve both customer and employee satisfaction, which should according to theory further increase customer loyalty.

The second need concerned, what I call customer usage profile information. The usage profile should include the incoming and outgoing phone traffic, customer's current services together with the invoicing information. Based on the findings the customer information needs could be divided to operational and more analytic information needs. This information could be taken into account, when decided what information is really needed to service the customer efficiently in a direct customer contact. The study showed also that the so-called profile information like customer psycho- and sociodemographic information is far less important in a direct customer situation than the customer activity-based information i.e. contact history and usage, which reveal the customer behaviour.

Like presumed in the theory the needs of Internet channel differed from the more traditional channels' needs. There were two reasons for this. First of all the ability of the new media to collect information both implicitly and explicitly increases the information needs plus increases the needs to be able to combine these different types of information. As, implicitly collected information can be quite useless unless combined with the existing customer information. Another difference that was not presumed in the theory stems from the different nature of the customer contact situation in the Internet. For the time being there is no real-time direct customer contact i.e. dialogue with the customer in the Internet, which would require instant customer information availability per subscription. That explains the more holistic view and the request of advanced reporting capabilities that would enable the information combination.

Currently most of the customer basic contact information is collected by the means of the subscription contract and other customer information collected is usage-based information for invoicing purposes. Generally, the data collection principles had been well understood. The interviewees stressed that no extra information should be collected before the existing information is properly exploited and information shared throughout the customer touch points. The only request concerned the collection of the customer contact history. The findings support the theory only partly. According to theory customer relationship related information, customer response and information to enable segmentation should be collected. Currently there is no collection of such relationship related information, which could according to literature possibly provide a source for competitive advantage.

The interviewees in the Internet Radiolinja.fi channel all agreed that Internet due to its impersonality and structured collection possibilities is suitable for collecting customer information especially customer response, some of which has already been received. However, the doubts that too much information,

which would remain unused would be collected through the Internet was vain. Currently, there was no structured information collection. This might be due to the Internet being still an add-on information channel. Today, the Internet channel has not taken over the more traditional channels in information collection. However, in the future when services increasingly move to the Internet the situation might be totally different.

Current customer information exploitation concentrates on periodic analysis and strategic planning. In direct customer contact each employee tries to exploit the information usually basic contact information added with some invoicing information that is available. Everyone would like to exploit customer information more than they do now, especially in direct customer contact, but the current information systems make it impossible. There are far too many systems where the information is dispersed and it often is raw data that is available and should be analysed to be of use in a hectic direct customer situation. In addition, to the critics of the information systems the interviewees criticized the organizational structure and internal communication. However, all respondents were positive about the future.

I think, that the findings could be generalizable and the above-mentioned situation similar in many according to Finnish standards big established companies, who have introduced Internet as a sales channel after the more traditional sales channels. It must be also noted that Radiolinja's rapid growth could have affected the situation as well. The information needs that came up were not dependent on the industry line. Most of the requirements could be identical in any company involved in consumer business. Supposedly in many other companies as well, a dedicated CRM system is still under development and the existing information systems are not enough to enable either a single view across the organization or individualized customer service. However, the importance of customer information and its efficient usage has been understood, but the execution is still underway.

7.2 LIMITATIONS OF THE STUDY AND SUGGESTIONS FOR FURTHER RESEARCH

There are several factors that might have affected the results. The time elapsed to finish the study has been too long. This might have affected adversely the contents as the theory and the case situation might have changed considerably during the study. Thus, the results could differ from those of obtained today, if the study would be repeated. In addition, the number of the interviewees in each interview remained at a level of three to four people, which gave a rather limited view from each channel or unit of analysis. In addition, the set of questions was not used rigidly in each interview. Depending on the interviewees'

willingness to talk the discussion floated from one thing to another. Even though, the recordings of the interviews and the transcriptions available should diminish the possible interviewer's effect.

The scope of the study was still too broad. The information needs could have been divided into the information needs in a direct customer contact and the needs for strategic planning and leave out the latter or to concentrate only on operational level needs and leave the more analytic needs out. Thus, the information needs could haven been strictly limited to concern only information needs in a direct customer contact in this study. However, this was not possible in the Internet channel as there were no real dialogue with the customer yet.

Further, the study revealed that the information categorization was not detailed enough for real world purposes e.g. the contact history should be added as a separate category. In addition, usage-based information did not clearly belong to any category. Thus, a revised categorization was presented. Hopefully, somebody will test its usefulness in the future. Anyhow, the area will give plenty of opportunities for further detailed research in field.

The study also revealed and highlighted the importance of customer action-based usage information or behaviour based information, the notion that has been used by e.g. Storbacka et al (1994). This would indicate that more analysed information and artificial intelligence would be needed in a direct customer contact. It would also be an interesting and challenging area to study whether there are any generalizable needs in more refined analytic customer information. Finally, an interesting research could explore the complex information needs of the Internet and other new media channels in more detail.

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HAASTATTELUKYSYMYKSET:

Asiakkuuden hallinta

1. Millainen merkitys asiakastiedolla ja sen hallinnalla on yksikkönne toiminnassa?
2. Millainen on yksikkösi rooli asiakkuuden hallinnan kehittämisessä?
3. Miten asiakastiedot kerätään yksikössänne?
4. Mikä nykyjärjestelyissä on toimivaa vs. ei toimi?

Asiakastiedon tarve

5. Mitä tietoa asiakkaasta tulisi olla saatavilla?
6. Mistä tämä tieto pitäisi saada?
7. Missä tarvitsemanne tieto on tällä hetkellä talletettuna?
8. Mitä tietoa on tällä hetkellä saatavilla vs. mitä ei? Mikä on tämänhetkinen tilanne verrattuna tavoitetilaan?

Asiakastiedon keruu

9. Mitä tietoa tulisi asiakkaasta myyntitilanteessa tallettaa?
10. Mihin tämä tieto tulisi tallettaa?
11. Mitä tietoa asiakkaasta keräätte tällä hetkellä?
12. Mistä eri tietolähteistä tämä asiakastieto kerätään?
13. Mihin tällä hetkellä talletat keräämäsi asiakastiedon?
14. Mitä hyvää/huonoa näet asiakastiedon keruussa tällä hetkellä? Mistä et luopuisi?

Asiakastiedon hyväksikäyttö

15. Miten asiakastietoa käytetään hyväksi yksikkösi ohjauksessa?
16. Mitä asiakastiedon mittareita teillä on käytössä?
17. Miten käytätte keräämäänne asiakastietoa myyntitilanteessa hyväksi tällä hetkellä?
18. Miten pystytte yhdistelemään asiakastietoa eri järjestelmistä?
19. Miten pystytte hyödyntämään muista yksiköistä saatavaa asiakastietoa omassa työssänne?
20. Miten käytätte asiakastietoa hyväksi asiakkaalle tarjottavien palveluiden määrittelemisessä?
21. Miten käytätte asikastietoa hyväksi asiakkaan ohjaamiseksi toiseen yksikköön tai palveluun esim. myymälään, contact centeriin tai verkkosivuille?

Muuta

22. Mitä muita odotuksia sinulla on asiakastiedon kehittämisen suhteen?

CONTACT CENTER: HAASTATTELU 6.11.2002

Asiakkuuden hallinta

Contact Centerin haastateltavat olivat yhtä mieltä siitä, että asiakastieto on toimivan asiakaspalvelun elinehto. Ilman sitä ei pystytä tarjoamaan asiakkaille mitään palveluita. Koska olemassa olevien asiakkaiden palvelu on yksikön päätehtävä, suurin osa asiakastiedosta on jo olemassa järjestelmissä eli tiedon aktiivinen keruu on vähäistä. Myynnin yhteydessä tietenkin aktivoidaan kyseinen palvelu. Asiakastietoja päivitetään jonkin verran normaalin puhelinpalvelun lisäksi ulospäin tehtävissä asiakassuhdesoitoissa.

Contact Centerin myynti jaetaan uusasiakasmyyntiin ja myyntiin jo olemassa oleville asiakkaille. Uusmyynnin osuus yksikön koko myynnistä lienee jossain 20%:n paikkeilla ja koko Radiolinjan myynnistä yksikön myynti on n. 10%. Asiakastiedon merkitys luonnollisesti korostuu myynnissä jo olemassa oleville asiakkaille sekä näiden asiakkaiden hoidossa, mitä suurin osa toiminnasta onkin.

Uusasiakashankintaa toteutetaan nk. toimeksiantojen pohjalta, jolloin henkilöasiakkaat liiketoimintayksikkö määrittelee suoramarkkinoinnin kohderyhmän. Tätä varten tarvittavat tiedot kerätään joko julkisista hakemistoista tai yhteistyökumppaneitten kautta konsernin sisällä. Tällaisia kampanjarekistereitä voidaan säilyttää tietosuojalain puitteissa vain määrätyn ajan.

Contact Center -yksikkö on aktiivisesti mukana kaikissa talon sisäisissä asiakkuuden hallinnan kehittämishankkeissa. Nytkin edustus on mm. Klaara 2 –hankkeessa. Toisaalta yksikkö ei omista loppuasiakkaita, minkä takia se ei voi lähteä itsenäisesti kehittämään asiakkuuksia tai niiden hoitoa.

Asiakastiedon tarve

Asiakkaasta tulisi kirjata kontaktit, mitä on sovittu, mitkä ovat jatkotoimenpiteet ja milloin on seuraava yhteydenotto. Kontaktitilanteessa auttaisi myös se, että näkisi, mitä postia asiakkaalle on mennyt tai missä kampanjoissa hän on mukana, jotta näistä osattaisiin keskustella. Asiakkaasta tulisi olla saatavilla tieto yhteydenotoista koko talon laajuisesti. Tämä tarkoittaa sitä, että asiakkaan kanssakäyminen talon muiden yksikköjen kanssa tulisi näkyä järjestelmästä samoin kuin se, mitä asiakkaan kanssa on mahdollisesti tehty tai sovittu, jotta vältyttäisiin päällekkäisyyksiltä ja osattaisiin ottaa mahdollisesti jokin keskeneräinen asia esiin. Kaiken kaikkiaan asiakkaan kontaktihistoriatiedon saatavuus nähtiin merkittävänä tarpeena.

Puheluissa tärkeimpinä pidettiin asiakkaan tunnistamista sitä seurasivat asiakkaan asian hoitaminen ja sen jälkeen asiakkaan tilan kartoittaminen, millä tarkoitetaan mm. asiakkaalle sopivan liittymätyypin ja palveluiden määrittelyä. Järjestelmät eivät anna mitään ohjeita tähän, vaan yksittäiset tiedot täytyy itse kaivaa ja yrittää esim. viimeisen kuun laskutuksen perusteella päätellä millainen käyttäjä on. Jo asiakasluokituksen/segmentin näkyminen antaisi palveluneuvojalle osviittaa siitä, millainen asiakas on kyseessä ja mitä hänelle voisi tarjota. Coms-puheluiden hallintajärjestelmä näyttääkin tämän tiedon henkilöasiakaspalvelussa. Tieto tosin päivittyy ainoastaan kolmen kuukauden välein. Yleisesti tähän asiakkaan käyttöprofiilin näkyvyyteen kaivataan selkeää parannusta.

Yleisesti todettiin, että tietoa eri järjestelmissä on valtavat määrät, mutta se on ihan pirstaleina siellä täällä eli sitä ei voi kutsua informaatioksi. Tiedon hakeminen on vaikeaa ja sitä ei ole jalostettu, joten kaikki analyysit joutuu itse tekemään. Toiveena oli saada analysoidut kokoomatiedot: jotain vähän samantapaista, kuin IO, joka nyt on otettu käyttöön edustajakentässä. Sieltä näkyy esim. poistumariski churn sekä keskilaskutus. Keskilaskutuksen osalta toivottiin myös trendin näkymistä eli mihin suuntaan laskutus on kehittynyt.

Toiveista mainittiin vielä asiakkaiden roolitus, mikä mahdollistaisi kokonaisasiakkuuden näkyvyyden sen sijaan, että tällä hetkellä nähdään liittymäkohtainen asiakkuus. Tällä tarkoitetaan yhden asiakkaan eri rooleja ja liittymiä, joita hän käyttää/hoitaa esim. isä, joka hoitaa perheen useampia liittymiä ja hänellä voi olla taas yritysliittymä. Järjestelmän tulisi olla sellainen, johon voisi syöttää puhelinnumeron, josta aiotaan keskustella. Nyt näkyvissä on ainoastaan soittava numero.

Uusasiakashankinnan kohdalla merkittävä parannus olisi, jos potentiaaliset/todennäköiset asiakkaat saataisiin kirjattua kampanjarekistereistä vielä ylös myöhempää yhteydenottoa varten esim. asiakashallintajärjestelmän puolelle. Järjestelmässä tulisi olla mahdollisuus luoda asiakas ilman liittymää, josta nämä potentiaaliset asiakkaat voitaisiin kätevästi poimia uudelleen kontaktoitaviksi ennen kuin rekisteri on tuhottava.

Mitään yksiselitteistä toivetta, mistä nämä asiakastiedot tulisi saada ei ole. Kunhan kontaktihistoria ja käyttöprofiili tulisivat annettuina ilman että yksittäisen palveluneuvojan tarvitsisi tietoja analysoida. Tarvittava tieto tulisi myös saada helposti yhden näytön ja järjestelmän kautta. Kritiikki kohdistui nimenomaan usealla näytöllä hyppimiseen, mikä vie huomattavasti aikaa.

Tällä hetkellä suurin osa arviolta 90% tarvittavasta tiedosta on laskutusjärjestelmä Jupiterissa, josta pidetään useaa istuntoa auki, jotta tiedon haku sujuisi nopeammin. Intranet Reiskaa tarvitaan myös, koska sieltä löytyvät ajankohtaiset kampanjatiedot. Puhelujärjestelmä Coms tuo näytölle vielä soittajan yksilöintitiedot: nimen, puhelinnumeron ja asiakasluokituksen.

Asiakastiedon keruu

Asiakastiedon keräämiseen tuli spontaani vastaus, että asiakastietoa ei kerätä, koska ei ole mitään paikkaa mihin sitä tallennetaan. Tämä keräämättömyys tarkoittaa siis kaikkea liittymäsopimuksen ulkopuolista tietoa, koska liittymäsopimuksessa määritelty tieto järjestelmään tarvittaessa syötetään. Ainoa erikseen mainittu kerättävä tieto oli tehtävistä ulossoitoista osan kirjaaminen Jupiteriin.

Ainoastaan teknisellä asiakastuella, joka käsittää n. 20 henkilöä, on tällä hetkellä mahdollisuus kirjata aktiviteetteja asiakastiedonhallintajärjestelmään Klaara 1:een, koska se on heillä pilottikäytössä. Muilla työntekijöillä on käytössään ainoastaan Jupiter-laskutusjärjestelmä, josta keskeisin asiakastieto löytyy. Ulossoittosovelluksessa on yksi
vapaamuotoinen kenttä, johon voi kirjata esim. soittopyynnön, mutta se ei näy palveluneuvojalle Jupiterin puolella.

Vaikka asiakastietoja ei tällä hetkellä nähty kerättävän juuri lainkaan, tähän oltaisiin valmiita, mikäli toimintatapa olisi systemaattinen ja prosessi olisi hyvin mallinnettu. Yhteistyössä henkilöasiakkaat liiketoimintayksikön kanssa voitaisiin miettiä, mitä tietoa tarvittaisiin lisää tai mitä kannattaisi päivittää esim. nimi- ja osoitetiedot, yms., jota sitten hyödynnettäisiin johonkin. Liittymän käyttäjätiedon kirjaaminen on myös esimerkki yhdestä tällaisesta tiedosta, koska historiallisista syistä vain n. 30% liittymistä on talletettu käyttäjätieto. Liittymän käyttäjätiedon puuttuminen vaikeuttaa tällä hetkellä uusasiakashankintaa.

Myyntitilanteessa asiakkaasta tulisi kirjata ylös soittopyyntö sekä mahdollinen keskeneräinen asia. Yleensäkin kaikki kontaktihistoriaan liittyvät tiedot eli kuka on tehnyt, milloin ja mitä on sovittu tulisi kirjata ylös, jotta seuraava asiakaspalvelija osaisi jatkaa keskustelua samasta pisteestä. Sama pätee jokaisessa kanavassa ja jokaisessa asiakaspalvelutilanteessa.

Asiakastiedon hyväksikäyttö

Contact Centerin osalta asiakastiedon hyväksikäyttö keskittyy pitkälti Coms-kontaktien hallintajärjestelmän kautta saatavien puhelutietojen määrälliseen analysointiin sekä niiden hyödyntämiseen toiminnan tehokkuuden erityisesti resurssoinnin kehittämiseksi. Tarvittaessa Coms-järjestelmästä pystytään hakemaan, kuinka paljon eri asiakkuudet soittavat ja mihin aikaan. Yksikkötasolla varsinaisista toiminnan mittareista esille tuli ainoastaan palvelutaso.

Saapuvat puhelut reititetään asiakasluokituksien eli asiakkuuksien eli segmenttien avulla. Tosin tätä reititystä ollaan purkamassa, sillä yhteydenottojen syyt ovat ja tarjottavat palvelut ovat melko lailla samat segmentistä riippumatta. Reitittäminen asiakkaan arvon mukaan olisi toiminnan kannalta merkityksellisempää. Toki asiakasluokitustieto näkyy edelleen saapuvan puhelun yhteydessä ja siitä palveluneuvoja voi hiukan päätellä, mitä esim. lisäpalveluja kyseiselle henkilölle voisi tarjota.

Aiemmin manuaalista mallinnettua puhelinsyyseurantaa tekivät palveluneuvojat ihan säännönmukaisesti 4-6 viikon välein. Tällä hetkellä niitä tehdään lähinnä ad hoc –tyyppisesti, mikäli puhelut yhtäkkiä esim. lisääntyvät. Järjestelmästä ei puheluiden syitä saa selville, koska asiakashistoria puuttuu. Samantapaista seurantaa on myös toteutettu, kun on pyritty saamaan selville jonkin tietyn asian läpivientiin puhelimessa kuluva aika. Teknisen asiakastuen (n. 20 henkilöä) osalta tilanne on hiukan toinen, sillä heillä on käytössä asiakkuudenhallintajärjestelmä Klaara 1, johon aktiviteetin voi kirjata. He myös palvelevat talon muitakin yksikköjä mm. yritysasiakkaat liiketoimintayksikköä sekä edustajia.

Yksittäisessä asiakaspalvelutilanteessa käytetään hyväksi Jupiterissa sijaitsevia liittymäsopimuksella kerättyjä perustietoja sekä laskutustietoja. Kulloinkin voimassa olevat kampanjat löytyvät Intranet Reiskasta samoin kuin liittymälaskuri, jonka avulla voi käytön perusteella karkeasti arvioida, mikä liittymätyyppi olisi asiakkaalle paras.

Asiakasta saatetaan tarpeen vaatiessa opastaa kääntymään myymälöiden puoleen. Tällainen on esim. Sim-kortin vaihto, kun osoitemuistio halutaan kopioida uudelle kortille. Asiakkaita ohjataan myös soittamaan saldoautomaattiin, mikä aikanaan tullessaan supisti saapuvien puheluiden määrää huomattavasti. Jonotiedotteilla voidaan asiakasta ohjata myös käyttämään itsepalvelukanavaa Internetiä, mutta siellä ei vielä ole tarjolla todellisia palveluita, joten siihen suhtaudutaan hiukan varauksellisesti.

Periaatteessa asiakaskohtaamisessa yleensä on määritelty, että tarkistetaan asiakkaan kokonaistilanne, onko hänellä oikea liittymätyyppi ja palvelut. Se jää kuitenkin helposti tekemättä, koska se on järjestelmän kannalta niin hankalaa. Tärkeänä pidettiin sitä, että kerättävää tietoa sitten todella hyödynnettäisiin jossakin. Muutoin se aiheuttaa vain lisää kustannuksia ja henkilöstöpaineita.

Contact Center voisi olla tässä asiassa aktiivisempi ja tuoda näkemyksiään enemmän esille esim. juuri siinä, minkä tyyppiset asiat kannattaisi laittaa itsepalveluun, koska ne kuormittavat Contact Centeriä. Itsepalvelu soveltuisi mm. tekstariliittymän saldon tarkistamiseen, saldorajoituksen takia kiinni menneen liittymän avausajan sekä puk-koodin hakemiseen.

Kampanjat suunnitellaan aina yhteistyössä henkilöasiakkaat liiketoimintayksikön kanssa, koska he omistavat loppuasiakkaan, mutta ideoita tulee usein Contact Centeristä mm. palveluneuvojilta ja jopa asiakkailta. Henkilöasiakasliiketoimintayksiköltä tulee myös se tieto, mitä eri asiakkuuksille tehdään ja miten heitä palvellaan ja mitä palveluita tarjotaan. Kampanjasuunnittelussa tulisi myös huomioida asiakkaan elinkaaren kipupisteitä. Tästä esimerkkinä mainittiin täysi-ikäisyyden saavuttaminen, jolloin churn-riski kasvaa.

Todettiin, että viime vuosina on menty eteenpäin asiakastiedon hallinnassa, mutta edelleen tulisi kehittää juuri esim. eri yksiköiden välistä yhteistyötä. Asiakastieto ei siirry yksiköiden välillä eivätkä sitä järjestelmätkään tue. Asiakkuuksia voitaisiin myös käyttää aktiivisesti toiminnan strategiseen suunnitteluun. Mietittäisiin, mitä kullekin asiakkuudelle tehdään kaikissa mahdollisissa

kohtaamispisteissä siten, että eri yksiköiden toimenpiteet tukisivat toisiaan. Asiakkuus ei olisi olemassa vain ainoastaan markkinointia varten, vaan se olisi kokonaisvaltainen prosessi.

INTERNET-YKSIKKÖ RADIOLINJA.FI: HAASTATTELU 7.11.2002

Asiakkuuden hallinta

Asiakastiedon merkitystä yksikölle pidetään erittäin tärkeänä, mutta tiedon hyödyntäminen on heikkoa. Verkossa tietoa ei tällä hetkellä edes kerätä aktiivisesti, mitä pidettiin hälyttävänä. Tuntuu siltä, ettei verkon potentiaalia ja sieltä mahdollisesti saatavaa informaatiota vielä mielletä kovin tärkeäksi. Asiakastiedon keruu verkossa on myös erilaista kuin laskutusjärjestelmään kerättävä tieto ja sen ymmärtäminen ja ymmärrettäväksi saaminen organisaation kaikilla tasoilla ei välttämättä aina onnistu.

Koko Radiolinjan kattavissa asiakkuuden hallinnan kehittämishankkeissa ei Radiolinja.fi ole ollut kovin aktiivisesti mukana. Erääseen järjestelmäkehityshankkeeseen liittyen oli haastateltu yksikön tarpeista. Sen sijaan Radiolinja.fin toimesta on vedetty E-intelligence –projekti, joka keskittyi www-tiedon ja muun mobiilikanavatiedon (sms- ja wap- tiedon) keräämiseen ja hyväksikäyttöön. Projekti onnistui ja tulema on noteerattu, mutta tällä hetkellä odotetaan toisen talotasoisen projektin valmistumista ennen investointipäätöksiä.

Järjestelmäkehityksen lisäksi tulisi yhteistyötä eri liiketoimintayksiköiden välillä tiivistää, jotta asiakastiedon hyväksikäyttö tehostuisi. Organisatorisesti liiketoimintayksiköt ovat hyvin itsenäisiä, eikä tieto kulje parhaalla mahdollisella tavalla yksiköiden välillä.

Myös asiakastiedon hallintayksikön (ATH) rooli on jäänyt epäselväksi. Koko talon kattaville projekteille toivottiin lisää näkyvyyttä eli lisää tiedonvälitystä, jotta kaikki asiakastiedon parissa työskentelevät ihmiset tietäisivät mitä on tulossa ja eri yksiköiden ihmiset voisivat ottaa osaa kehitystyöhön, jotta kaikki näkökulmat tulisivat huomioon otetuiksi.

Asiakastiedon tarve

Epäiltiin, että asiakastiedon tarpeet verkkopuolella poikkeavat osittain asiakaspalveluhenkilöstön tarpeista. Tietyt asiakkaan perustiedot tarvitsevat toki molemmat ja asiakkaan kontaktihistoria tulisi olla saatavilla kaikissa asiakkaan kontaktipisteissä. Verkosta haluttaisiin lisäksi nähdä sivuston pohjataso eli kuka siellä käy, asiakastieto siihen liittyen kuka käy, miten ja milloin ja mitä palveluita siellä käytetään, milloin ja kuka niitä käyttää, miten niitä käytetään ja mitä muita kanavia käytetään.

Asiakastiedon tarpeista korostuu kuitenkin tiedon yhdistelyn mahdollisuus. Kokonaiskuvan muodostaminen asiakkaasta on tärkeää. Monikanavaisia palveluita tulisi pystyä raportoimaan yhdessä. Tällä hetkellä tiedon saa kanavakohtaisesti, muttei asiakkuuksittain eli juuri kokonaiskuva asiakkaasta puuttuu. Tähän päivittäin tulevaan monikanavaiseen tietoon tulisi yhdistää olemassa oleva asiakastieto eli millainen asiakas on, mistä segmentistä asiakas on, mikä on asiakasikä. Se mahdollistaisi asiakkaan palveluiden käytön ja niissä tapahtuvien muutosten seuraamisen asiakkaan elinkaaren eri vaiheissa.

Kerättävästä tiedosta laskutusjärjestelmän data viedään keskitettyyn IQ-tietovarastoon. Monien palveluiden, ainoastaan laskutusta varten kerättävä, käyttötieto taas on Metropolis-alustan lokeissa, joista tietoa haetaan sql:llä. Talotasoinen projekti on miettinyt, miten tietoa saataisiin järkevästi kerättyä ja yhdisteltyä, mutta tietoa sen tilanteesta ei ole. Keräämisen ja yhdistelyn suunnittelun ja toteutuksen lisäksi tulisi miettiä, miten tietoa näytetään, jotta sitä voidaan konkreettisesti hyödyntää. Raportin tai kyselyn tulisikin voida tehdä tietoa tarvitseva esim. tuotepäällikkö omalta työpisteeltä web-selaimen

avulla eikä niin, että ainoastaan raportin rakentanut henkilö kykenee niitä ajamaan. Mikäli ainoastaan jokin yksikkö ajaa raportteja, suurin osa tiedosta jää hyödyntämättä.

Kerättävän asiakastiedon tulisi olla käyttäjän saatavilla asiakastiedonhallintajärjestelmä Klaarasta ja laskutusjärjestelmä Jupiterista. Palveluiden käyttötieto saadaan taas Metropolis-lähdejärjestelmästä. Toiveena olisi saada työkalu tuotekohtaisen käytön seurantaan. Yksinkertaisen web-käyttöliittymän avulla tulisi saada helposti näkyviin mm. trendit. Tällä hetkellä transaktioraportteja palveluiden käytöstä tulee kenties liian paljon ja liian pitkällä viiveellä. Tästä massasta tulisi löytää se olennainen tieto oman työn kannalta. Tarkempia yhdistelyraportteja, joissa asiakastietoa yhdistetään puhelimen käyttöön, pystyvät List Managerit pyynnöstä tekemään, mutta silloinkaan ei www-puolelta saa mitään tietoa.

Asiakastiedon keruu

Kuten alussa mainittiin asiakastiedon keruussakin on puutteita. Kaikki tieto, mitä kerätään on tietoa laskutusta varten. Www-ympäristössä asiakkaasta ei kerätä tietoa tällä hetkellä lainkaan, vaikka keruu teknisesti olisikin mahdollista. Ainoastaan selainpohjainen kävijäseurantajärjestelmä, jolla voidaan seurata sivulatausten, käyntien ja eri kävijöiden määriä sivustollamme on käytössä.

Myös muiden mobiilikanavien eli sms:ien ja wapin tieto puuttuu. Näistä kerätään ainoastaan transaktiomäärät, mutta muuta asiakastietoa ei mitenkään talleteta eikä yhdistellä muuhun laskutusjärjestelmän asiakastietoon. Toisaalta asiakkaasta ei kannatakaan kerätä enempää tietoa, koska tiedon prosessointi- eikä kyselytyökaluja ole käytössä.

Mitään reaaliaikaisia palveluita ei verkossa vielä ole saatavilla. Liittymätyypin vaihto ja osoitteenmuutos tapahtuvat manuaalisesti viiveellä. Liiketoiminnan viemisestä verkkoon on kuitenkin olemassa tarkat suunnitelmat. Ensimmäisenä varsinaisena reaaliaikaisena palveluna yksityishenkilöille on verkkoon piakkoin tulossa saldopalvelut. Toisaalta pelko on, että palveluita halutaan viedä verkkoon, mutta unohdetaan tai ei ymmärretä tiedon keruun tärkeyttä sielläkin. Tulevaisuudessa verkkoon haluttaisiin aitoa itsepalvelua, jolloin asiakas voisi itse ylläpitää omia tietojaan jollain tasolla. Tiedon reaaliaikaisuus eri kontaktipisteissä nähdään myös suurena haasteena.

Myyntitilanteessa asiakkaasta tulee tallentaa samat liittymäsopimuksen perustiedot kuin muissakin kanavissa. Todettiin ettei enempää tietoa kannata kerätä, koska sitä ei pystytä hyödyntämään. Aiemmin tallennettiin rekisteröityneistä verkon käyttäjistä mm. harrastustietoa, mutta sitä ei mitenkään hyödynnetty, joten siitä luovuttiin. Tällä hetkellähän ei pystytä raportoimaan edes verkon automaattisesti keräämää asiakastietoa eli asiakkaan liikkeitä verkkosivuilla. Verkkoa pidetään loistavana mahdollisuutena kerätä asiakastietoa. Sitä tietoa saataisiin vielä rikastettua muista erityisesti mobiilikanavista saatavan informaation avulla.

Asiakastiedon hyväksikäyttö

Asiakastietoa ei hyödynnetä riittävästi yksiköiden toiminnan suunnittelussa. Vielä on pitkä matka siihen, että pystyttäisiin asiakkaalle tarjoamaan personoituja palveluita asiakkaan palvelujen käytön, puhelinkäyttäytymisen sekä verkossa liikkumisen pohjalta yhdessä. Asiakastiedon hyödyntäminen ei konkretisoidu asiakkaalle mitenkään. Epäillään, että onko yleensä www-datan hyödyntämisen merkitystä vielä ymmärretty talon sisällä erityisesti järjestelmistä teknisesti vastaavien henkilöiden parissa.

Verkossa toteutetaan kampanjoita, mutta niissäkään ei asiakastiedon hyödyntäminen näy. Kampanjat perustuvat yleensä johonkin päivän tuotteeseen. Verkossa tehdään myös kävijätutkimusta ja konseptitestausta, joissa pop up –ikkunan avulla tehdään satunnaisotannalla kyselyjä. Tutkimuksia toteutetaan myös perinteiseen tapaan verkon ulkopuolella focus grouppien avulla. Verkon kautta tulee

myös paljon asiakaspalautetta sähköpostin muodossa. Raportointityökaluilla on mahdollista nähdä kuinka paljon jotain sivuja on ladattu ja montako liittymää on Radiolinja Kaupan kautta verkossa myyty. Näiden tietojen pohjalta toimintaa pyritään kehittämään.

Erillistä henkilöasiakkaiden asiakkuuden hallintayksikköä List Managereineen ei riittävästi ole kyetty hyödyntämään asiakastiedon saatavuuden parantamiseksi. Yhteistyö on rajoittunut sieltä tuleviin normaaleihin tuoteraportteihin sekä sähköpostiin, joissa kerrotaan, mitä asiakkuuksien osalta on suunnitteilla. Asiakkuusyksikön toiminnan tulisi olla kiinteämpi osa eri myyntiyksiköiden toimintaa. Tällä hetkellä asiakastiedon hyödyntäminen ei näy riittävän hyvin liiketoiminnan kehittämisessä.

Palveluiden ja uusien tuotteiden kehittämisen tueksi tarvittaisiin nykyistä vielä paljon enemmän ns. e-tietoa esim. asiakaskohtaista käytön jakautumista kanavittain. Tälläkin hetkellä tietoja olisi manuaalisesti mahdollista etsiä ja yhdistellä jossain määrin eri lähdejärjestelmistä. Käytännössä se kuitenkin on mahdotonta, koska se veisi liikaa resursseja. Toisaalta mitä pidemmän aikavälin suunnittelusta on kyse, sitä pienempi merkitys asiakastiedolla on suunnittelussa. Silloin tarvitaan enemmän henkilöstön ammattitaitoa ja luovuutta.

Asiakastietoon perustuvaa kanavaohjausta ei ole. Enemmänkin niin, että asiakas valitsee kanavan, jota kautta hän on yhteydessä Radiolinjaan. Kukin kanava pyrkii tarjoamaan ensiluokkaista palvelua omien resurssiensa avulla. Tiettyjä ohjaustoimenpiteitä on ja tulee varmasti tulevaisuudessa olemaan yhä enenevässä määrin, mutta ne ovat toistaiseksi perustuneet kustannustehokkuuteen.

Kaiken kaikkiaan odotukset asiakastiedon hallinnan kehittämiseksi ovat korkealla. Sitä pidetään jatkossa Radiolinjan menestymisen elinehtonakin. Kehitystä on viimeisen 3 – 4 vuoden aikana tapahtunutkin, mutta paljon on vielä tehtävää.

MYYNTIKETJUT: MÄKITORPPA OY, KAMASTORE OY, RADIOLINJA PISTE OY HAASTATTELU 8.11.2002

Asiakkuuden hallinta

Kaikki olivat yhtä mieltä siitä, että asiakastieto on heille erittäin tärkeää, jotta asiakasta pystytään palvelemaan parhaalla mahdollisella tavalla. Asiakkaat ovat myös oppineet vaatimaan parempaa palvelua. Nykypäivänä asiakastiedon hallinta on elinehto, mikäli yritys haluaa pysyä markkinoilla. Asiakkaan luottamuksen saavuttamiseen auttavat toimivat järjestelmät esim. nyt edustajien sopimushallintajärjestelmänä toimivaan IO:n saadut uudet ominaisuudet, joiden avulla voidaan tarkastella yksittäisen asiakkaan tietoja ovat osoittautuneet tarpeellisiksi ja ne on otettu erittäin positiivisesti vastaan.

Yksikään myyntiketjuista ei ole ollut aktiivisesti mukana kehittämässä Radiolinjan asiakkuuden hallintaa. Tähän on talon sisällä on jo tietoturvallisuussyistä omat järjestelmäkehittäjät. Toisaalta se, että IO on nyt saatu edustajille on perustunut myös osin edustajilta tulleisiin tarpeisiin.

Mikään ketjuista ei kerää asiakastietoa. Asiakastiedon keruuksi ei mielletä liittymäsopimuksen tekoa. Tosin Radiolinja Pisteen tärkeimpänä tehtävänä on huoltaa jo olemassa olevia Radiolinjan asiakkaita, joten asiakastiedot ovat usein jo olemassa laskutusjärjestelmässä sekä asiakashallintajärjestelmässä. Tässä yhteydessä kritiikkiä sai puhelimen ja liittymän kytkemisen kieltävä laki, mikä rajoittaa markkinointia. Toisaalta asiakkaiden vaihtuvuus muodostaa ison ongelman monissa maissa, joissa kytkykauppa on mahdollista eli puhelimen saa lähes ilmaiseksi määräaikaisen liittymäsopimuksen tehdessään.

Asiakastiedon tarve

Useaan otteeseen esille tuli se, että järjestelmien tulisi olla myyjän päätöksentekoa tukevia, avustavia ja ohjaavia. Tällä hetkellä asiakkaasta on itse tehtävä havainnot ja pääteltävä siitä, mikä olisi juuri tälle asiakkaalle sopiva liittymä ja mitähän palveluita hän tarvitsisi. Asiakastieto tulisi tarjota jalostetummassa muodossa. Poistuman esto eli churn, joka on nyt saatavilla IO:sta on nyt ensimmäinen tällainen tieto, johon liittyy myös ohjausta eli järjestelmä ehdottaa, mitä asiakkaalle voi tarjota.

Asiakkaasta tulisi olla saatavilla tietyt perustiedot helposti esim. yhdellä näytöllä. Vastauksia tarvittaisiin seuraaviin kysymyksiin:

Mikä liittymätyyppi asiakkaalla on käytössä?
Mitä palveluita asiakkaalla on käytössä?
Mikä on asiakkaan keskilaskutus?
Onko kyseessä hyvä asiakas?
Kuinka kauan se on ollut asiakas?
Kuinka paljon käyttää puhelinta?
Mihin/miten käyttää puhelinta?
Kuinka paljon on nousevaa ja laskevaa liikennettä?

Näiden tietojen lisäksi järjestelmä ehdottaisi, mitä asiakkaalle kannattaa tarjota ja mikä olisi hänelle sopiva liittymätyyppi, mihin yleensä kannattaisi keskittyä. Tämä toisi huomattavasti lisäarvoa, sillä se vähentäisi palvelutilanteeseen kuluvaa aikaa sekä myyjän tekemiä päättelyvirheitä. Puhelinkäyttäytyminen auttaisi asiakkaan tilanteen kartoittamisessa sekä lisäpalvelujen myynnissä. Yksityiskohtaista laskutustietoa tarvittaisiin erityisesti reklamaatio-tilanteissa. Myös liikennetieto kiinnosti.

Myyntiketjuista Radiolinja Piste on hiukan erityisasemassa, koska siellä on ollut käytössä kaikki talon sisäiset järjestelmät lukuun ottamatta Klaaraa eli laskutusjärjestelmä-Jupiterin keräämä asiakastieto on sillä käytettävissä. Sielläkään ei tosin mitään jalostettua tietoa ole saatavilla, vaan kaikki tieto täytyy myyjän itse yhdistellä eri järjestelmistä.

Asiakastiedon yhdistely eri järjestelmistä, joita Pisteellä on käytössä n. 14, on manuaalista ja hankalaa ja onnistuu vain silloin kun ei ole kiire. Se vaatii myös kokeneen myyjän, joka tuntee kaikki käytössä olevat järjestelmät, mitä niistä hakee sekä tarjonnan, jotta osaa tarjota oikeita asioita. Toiveena olisi yksi asiakashallintajärjestelmä, joka välittää tiedon kaikkiin muihin järjestelmiin.

Sitä vastoin Mäkitorpalle ja Kamalle IO on ensimmäinen varsinaista asiakastietoa välittävä käyttöliittymä. Tämän lisäksi käytössä oleva Unikko-kassajärjestelmä sisältää tiedot laskutusasiakkaista sekä puhelimien huolloista sekä vanha Intranet Matilda kampanjatietoa.

Huolimatta järjestelmän tarjoamista ehdotuksista myyjän valinnan vapautta kuitenkin arvostetaan ja se tulee jatkossakin säilyttää. Asiakasta tulee kuunnella. Myyjän tulee aina viime kädessä voida ratkaista asiakkaan kanssa käymiensä keskustelujen ja oman ammattitaitonsa pohjalta, mikä on asiakkaan tilanne ja mitä hän asiakkaalle tarjoaa.

Asiakastiedon keruu

Asiakastieto kerätään pääasiassa liittymäsopimuksella. Muuta asiakastietoa ei kerätä. Asiakastiedon keruun lisäämistä ei nähty niinkään olennaisena, sillä taloon tulee jo paljon tietoa asiakkaasta.

Tärkeämpänä nähtiin ehdottomasti tällä hetkellä kerättävän tiedon analysointi, jotta asiakasta pystyttäisiin palvelemaan paremmin ja sitä kautta tehostamaan toimintaa.

Asiakastietoa toki kerätään suullisesti jokaisessa asiakaskohtaamisessa. Kuuntelemalla ja kyselemällä saadaan selville asiakkaan tarpeet ja toiveet tilanteen hoitamiseksi, mutta siitä ei jää mitään lokia mihinkään eli kumulatiivinen asiakastieto ei kasva.
Asiakkaat kuitenkin usein olettavat, että edustaja näkee kaiken asiakkaaseen liittyvän informaation niin asiakashistorian kuin laskutustiedotkin.

Selkeänä asiakastiedon puutteena nähtiin se, että myyntitilanteessa tulisi asiakkaasta voida tallettaa jokin keskeneräiseksi jäänyt asia tai jokin muu tavallisuudesta poikkeava tilanne, jotta seuraavassa asiakaskohtaamisessa, missä pisteessä tahansa, osattaisiin jatkaa samasta tilanteesta. Radiolinja Pisteessä tämä hoidetaan Mobi-tiedoston avulla, jonne talletetaan asiakaskohtaisesti mainitsemisen arvoiset asiat. Rutiinitilanteita ei kirjata ylös. Nämä tiedot tulisi saada myös Mäkitorppaan ja Kamaankin esim. IO:n voisi tuoda kolme viimeistä tapahtumaa.

Muutamia yksittäisiä toimenpiteitä, joiden avulla kerätään asiakastietoa on kuitenkin käynnissä. Radiolinja Piste laskee käsin eri myymälöiden asiakasmäärät. Lisäksi Pisteissä käytetään Exceliä, jonne kirjataan asiakaskäyntien syyt. Näistä tiedoista kukin myymälä tulostaa viikoittaiset raportit, joista saadaan hyvää tietoa toiminnan ohjaamiseksi. Samantapaista keruuta on aiemmin tehty myös Kamassa, mutta se on jäänyt jostain syystä pois. Kaikissa kolmessa ketjussa lasketaan kuukausittain uusien liittymien määrä, mutta nämä tiedot saadaan kuukausittaisista myyntiraporteista Unikko kassajärjestelmän pohjalta. Sitä ei kuitenkaan voida pitää minään varsinaisena asiakastiedon hallintana.

Asiakastiedon hyväksikäyttö

Asiakastietoa käytetään hyvin paljon myynnin ohjaukseen. Niin asiakkaiden tarpeita kuin yleisiä trendejäkin kartoitetaan. Asiakastiedon hallintayksikkö laatii pyynnöstä erilaisia raportteja, joita sitten analysoidaan. Tässä yhteydessä huomautettiin siitä, että työnjako asiakastietojen hallintayksikön List Managereiden ja yrityssuunnittelun välillä on hiukan epäselvä kentällä.

Ketjuittain lasketaan erilaisia tunnuslukuja ja vertaillaan esim. liittymien nettokasvua sekä ketjuissa käyviä asiakastyyppejä. Kuten jo aiemmin mainittiin Radiolinja Piste kirjaa ylös jokaisen asiakaskontaktin ja mitä siinä yhteydessä on tehty tai sovittu. Näistä tulostettavia raportteja hyödynnetään toiminnan suunnitellussa.

Mäkitorppa ja Kama keskittyvät ainoastaan liittymälaskentaan myymälä- ja myyjäkohtaisesti. Näiden yksiköiden asiakastiedon hyväksikäytön jokapäiväisissä kohtaamisissa voidaan sanoa vasta alkaneen nyt IO:n käyttöönoton myötä. Aiemmin jokaisen asiakkaan kanssa oli aloitettava keskustelu nollatilanteesta. Nyt asiakastiedoista näkee mm. henkilötiedot, asiakkaan käytössä olevat palvelut, keskilaskutuksen ja churn-riskin. Käytettävissä on myös uutena ns. puk-koodin hakutoiminto, joka on vähentänyt joskus pitkäksikin venähtäneitä soittoja edustajantukeen.

Suunnitelmallista asiakkaan kanavaohjausta ei ole. Asiakkaita ohjataan käyttämään mm. saldoautomaattia. Tämän lisäksi Mäkitorppa ja Kama ovat ohjanneet asiakkaita, joilla on laskutukseen liittyviä asioita hoidettavana Pisteeseen. Vastaavasti Piste on ohjannut asiakkaita Mäkitorppaan ja Kamaan, joissa on suuremmat laite- ja oheistarvikevalikoimat.

IO saakin paljon kiitosta osakseen. Toiveena oli vielä saada paremmat yhteydet myymälöihin. Erityisen tärkeänä nähtiin myös nyt mahdollistunut lisäpalvelujen mm. Saldorajoitus- ja Kotilinja-palvelu tarjoaminen asiakkaan sitouttamiseksi, koska uusasiakashankinta jatkuvasti vaikeutuu markkinoiden rajallisuuden takia. IO:n myötä on lisämyyntiä saatukin enemmän.

TIEDON JALOSTAJAT: ASIAKKUUDENHALLINTAYKSIKKÖ JA YRITYSSUUNNITTELU HAASTATTELU 14.11.2002

Asiakkuuden hallinta

Haastateltavat henkilöt kuuluivat joko asiakkuuden hallintayksikköön tai yrityssuunnitteluun, joista jälkimmäiselle asiakastiedon hallinta on vain yksi osa-alue. Asiakkuuden hallintayksikölle henkilöasiakkaiden asiakastiedon hallinta sen kehittäminen sekä toimiminen markkinoinnin tukitoimintona ovat keskeisiä tehtäviä. Valitettavasti resurssipulan takia juuri toiminnan kehittämiseen on jäänyt vähemmän aikaa.

Yrityssuunnittelun rooli asiakkuuden hallinnan osalta on enemmänkin tuoda Radiolinjassa uusia näkökulmia asiakastiedon hallintaan: Mitä eri mahdollisuuksia hyödyntää asiakastietoa on olemassa, mitä eri yksiköissä ei välttämättä tulla ajatelleeksi. Yrityssuunnittelu toteuttaa vaativampia analyyttisen CRM:n rapotteja eri yksiköille, joihin asiakkuusyksikön työkalut eivät taivu.

Asiakastiedon tarve

Nykyisin kerättävän tiedon lisäksi esim. ammatti ja harrastus olisivat kiinnostavia. Tosin harrastuksen keräämistä oli jossain vaiheessa mietitty ja ajatuksesta luovuttu, koska se vaatisi hyvin tarkan tason, jotta tietoa voitaisiin myös hyödyntää jotenkin. Jalostetummasta tiedosta esim. asiakaskannattavuus puuttuu. Myös asiakkaiden vastaanottamat puhelut eli ns. laskeva liikenne haluttaisiin saada tietoon. Segmentointia varten hyödyllistä tietoa olisi arvo- ja asennemaailma, muu kulutuskäyttäytyminen, perhe- sekä taloudellinen tilanne.

Osoitteiden päivityksissä on ongelmia, mikä johtuu siitä, että samalla liittymällä voi olla eri omistaja, käyttäjä ja laskun maksaja. Tällä hetkellä asiakkaiden osoitetietojen päivitykset saadaan irrallisena tiedostona. Yleensä laskun maksajan osoite päivittyy, koska muuten liittymä suljetaan maksamattomien laskujen takia, mutta muut osoitteet jäävät päivittymättä. Myös käyttäjätieto vanhoihin liittymiin pitäisi saada päivitettyä.

Suorassa asiakaskontaktissa olevien henkilöiden kannalta ajateltuna tarvitaan jalostetumpaa tietoa, joka auttaisi esim. edustajaa hänen myyntiponnisteluissaan. Tällaisia analyyttisen crm:n jalostettuja tietoja ovat mm.

1. Lisämyyntimahdollisuudet. Esim. kolme myyntiehdotusta Radiolinjan tuotevalikoimasta, mitkä asiakkaalle parhaiten sopivat.
2. Parhaimman liittymän ehdottaminen asiakkaan käytön perusteella.
3. Asiakkaan tyytymättömyyden hoitaminen. Tällainen on nyt edustajakenttään saatu, kun IO:sta näkee churn-riskin, jolloin järjestelmä ehdottaa toimenpiteitä asiakkaan pitämiseksi. Vielä kehittyneempi versio voisi sisältää valtuudet hiukan tyytymättömän asiakkaan palkitsemiseen esim. hyvästä asiakkuudesta.
4. Palveluiden käyttö sekä käytön neuvonta. Osaisi neuvoa asiakasta niissä palveluissa, jotka hän on ostanut, mutta ei välttämättä käytä.

Raaka tieto yllä mainittuihin "tunnuslukuihin" on olemassa. Se pitäisi vain jalostaa käytettävään muotoon. Siihen mistä tämä tieto pitäisi olla myyjän saatavilla ei otettu kantaa. Tärkeintä ei ole se, mikä näkymän näyttää, vaan se miltä se näyttää.

Asiakastiedon keruu

Kumpikaan yksiköistä ei säännöllisesti itse kerää mitään asiakastietoa. Hyödynnettävä asiakastieto saadaan useimmiten keskitetystä tietovarastosta IQ, jonne suurin osa tiedosta tulee laskutusjärjestelmä

Jupiterin välityksellä. Tietoa ostetaan myös talon ulkopuolelta tällaisesta esimerkkinä mainittakoon esim. Tilastokeskuksen Suomi-cd, missä on alueellista tietoa Suomen eri alueista. Edelleen mm. markkinatutkimukset teetetään toimeksiantona tutkimuslaitoksissa. Tällainen tieto ei päädy tietovarastoon. Yleisesti tiedon keruussa nähdään paljon hyvää, mutta järjestelmät eivät vain tue toimintaa, jotta tieto saataisiin aktiiviseen käyttöön.

Myyntitilanteessa asiakkaalta voisi kysyä sitä, miten ja milloin hän haluaa, että häneen ollaan yhteydessä: saako hänelle lähettää tekstiviestejä tai sähköpostia ja saako hänelle lähettää markkinointiviestejä. Lisäksi myyntitilanteessa tulisi päivittää jo olemassa olevan asiakkaan tietoja mahdollisuuksien mukaan. Lisäksi kontaktitilanteessa tulisi tallettaa, mistä aiheesta asiakkaan kanssa on keskusteltu ja onko asia vielä auki. Klaaraa käyttävillä Contact Centerin työntekijöillä on tähän mahdollisuus, mutta järjestelmää kritisoitiin siitä, että se sisältää liikaa asiakasluokkia sekä aiheita, joita on käsitelty, jotta tietoa voitaisiin hyödyntää. Kontaktitilanteessa voisi myös kysyä ja tallettaa milloin ollaan seuraavan kerran yhteydessä.

Asiakastiedon hyväksikäyttö

Asiakkuuden hallintayksikön koko olemassa olo perustuu asiakastiedon hyväksikäyttöön, joten heillä asiakastietoa jalostetaan päivittäin toimeksiantoina eri yksiköille sekä omaan käyttöön toiminnan jatkuvaan suunnitteluun ja tavoitteiden saavuttamiseen. Tarkemmin seurataan kokonaisvaltaisesti asiakkaiden poistumariskiä, asiakasuskollisuutta sekä asiakaskannattavuutta. Asiakastietoa käytetään tarjonnan määrittelyyn sekä kanavavalintaan. Tämä pyritään vielä tekemään kustannustehokkaasti. Kampanjat suunnitellaan näiden tietojen pohjalta. Tässä käytetään apuna asiakkaiden segmentointia. Asiakkaita myös ohjataan toiseen yksikköön tai käyttämään tiettyä palvelua, mutta tätä on toteutettu lähinnä kustannuslähtöisesti ei niinkään asiakastietoon perustuen.

Näiden yksiköiden asiakkailleen jalostaman tiedon hyväksikäyttöä rajoittaa usein tiedon saatavuus siihen järjestelmään, jota asiakaskohtaamisessa aktiivisesti käytetään. Tiedot kuten esim. yrityspuolen luottoriskiennuste eivät välity tietovarastoon, vaan ovat tuottavassa yrityssuunnitteluyksikössä kovalevyllä ja tietoa käyttävässä luottopalvelut-yksikössä, jossain muualla. Sen sijaan kohderyhmätieto, ketkä asiakkaat kuuluvat mihinkin kampanjaan mukaan, viedään IQ:n samoin kuin vastaisuudessa segmentointitieto, joka tulevaisuudessa päivittyy kerran kuussa.

Kaikki tieto ei kuitenkaan vielä päädy aiemmin mainittuun keskitettyyn tietovarastoon ja sellaisen tiedon saatavuudessa on ollut puutteita. Lisäksi tietovaraston rakenne ei ole optimaalinen, mikä hankaloittaa tiedon keräämistä. Tiedon päivittymisfrekvenssi on esim. segmentointitiedon osalta ollut liian pitkä. Lisäksi tehokkaampia kyselytyökaluja kaivataan. Mutta nämä ovat tiedostettuja ongelmia ja talon sisällä on erillinen dw-projekti ollut käynnissä, joissa näitä asioita pohditaan ja ratkotaan.

Asiakastiedon hyödyntämistä rajoittaa myös henkilörekisterilaki. Osa asiakkaista on myös kieltänyt uuden lain puitteissa asiakastietojensa käytön markkinointitarkoituksessa.. Mitään tietoja ajalta ennen kuin tämä laki astui voimaan ei myöskään voida käyttää, vaikkei hän ole sitä erikseen kieltänyt, mutta asiakkaan erillinen lupa puttuu. Tämä rajoittaa olennaisesti asiakastiedon käyttömahdollisuuksia pitkäaikaisten asiakkaiden osalta. Teletunnistetietojaan harva asiakas on kieltänyt käyttämästä, koska ne sitä vastoin ovat yrityksen käytettävissä ellei asiakas sitä nimenomaisesti erikseen kiellä.

Yleisesti todettiin, että asiakastiedon hallinnassa ollaan menty paljon eteenpäin, mutta paljon on vielä tehtävää.